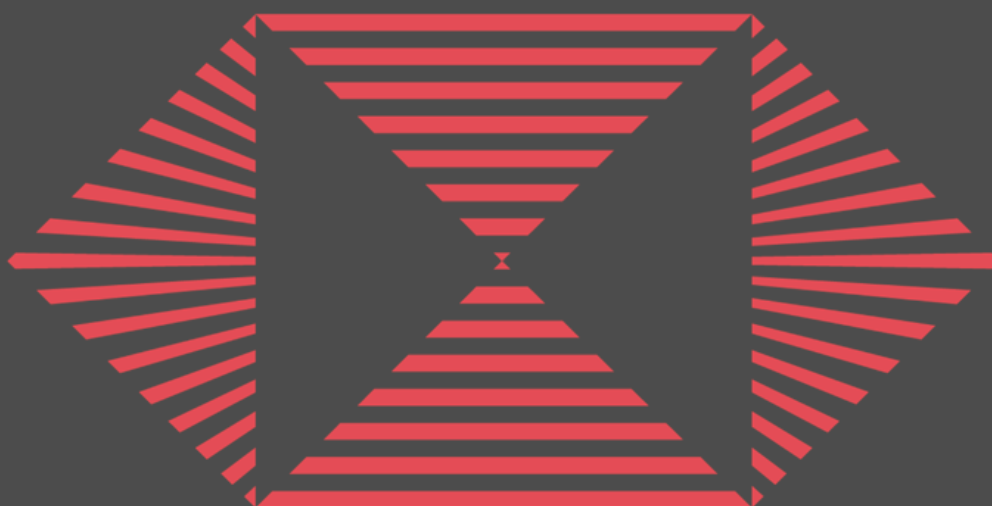


HSBC Portfolios

Investment Company with Variable Capital Incorporated in Luxembourg



30 April 2026



HSBC Asset Management

| Opening up a world of opportunity

Table of Contents

Important Information for Potential Investors.....4	
Information for Investors by Country4	
United States of America4	
Canada.....5	
Hong Kong SAR.....5	
Bank Holding Company Act5	
Luxembourg Stock Exchange.....5	
Additional Information.....5	
Data Protection and Outsourcing5	
Section 1. Sub-Fund Information8	
World Selection Sub-Funds8	
Select Sub-Funds8	
1.1 Investing in the Sub-Funds.....8	
1.2 How to Purchase Shares12	
1.3 How to Sell Shares.....15	
1.4 How to Switch Between Sub-Funds of the Company16	
1.5 How to switch into other funds managed by the Management Company17	
1.6 How to Convert Between Share Classes ..17	
1.7 How to Transfer Shares.....18	
1.8 General Order Information18	
1.9 Suspension of Dealing or Valuations.....19	
1.10 Liquidity Management Tools.....20	
1.11 Pricing and Valuation21	
1.12 Distribution Policy22	
1.13 Charges & Expenses26	
Section 2. Risk Considerations30	
2.1 Risk Descriptions30	
2.2 Risks Pertaining to the Company30	
2.3 General Investment Risks.....31	
2.4 Risks Pertaining to use of Specific Instruments 38	
2.5 Sustainability Risks46	
2.6 Risks Pertaining to EPM and the use of FDIs48	
2.7 Risks Pertaining to Investment in Specific Countries or Sectors 51	
2.8 Other risks..... 69	
2.9 Integration of Sustainability Risks into Investment Decisions and SFDR principles..... 70	
2.10 Risk Management Process..... 74	
Section 3. Company Details 76	
3.1 General Investment Policies 76	
3.2 The Company 76	
3.3 Meetings and reports 77	
3.4 The Management Company 78	
3.5 Investment Advisers 79	
3.6 Depository Bank and Paying Agent..... 79	
3.7 Administration 80	
3.8 Distributors 81	
3.9 Availability of Documents..... 81	
3.10 Benchmark Regulation..... 82	
3.11 Conflicts of Interest 82	
3.12 Liquidation & Merger 82	
Liquidation and Merger of the Company..... 82	
Liquidation and Merger of Sub-Funds or Classes..... 83	
3.13 Taxation 83	
General..... 83	
Taxation of the Company and its investments..... 84	
Taxation of Shareholders 86	
3.14 Remuneration Policy 89	
Section 4. Glossary of Terms 91	
Section 5. Appendices..... 98	
Appendix I. Sub-Fund Supplements..... 98	
HSBC Portfolios – World Selection 1 99	
HSBC Portfolios – World Selection 2 103	
HSBC Portfolios – World Selection 3 107	
HSBC Portfolios – World Selection 4 111	

HSBC Portfolios – World Selection 5	115
HSBC Portfolios – Select Cautious.....	119
HSBC Portfolios – Select Conservative	124
HSBC Portfolios – Select Balanced	129
HSBC Portfolios – Select Dynamic.....	134
HSBC Portfolios – Select Adventurous	139
HSBC Portfolios – Select Flexible.....	144
Appendix II. General Investment Restrictions ...	149
Appendix III. Restrictions on Techniques & Instruments	154
Appendix IV. Additional Restrictions.....	157
Appendix V. Directory	159
Board of Directors of the Company	159
Board of Directors of the Management Company	159
Distributors.....	159
Service Providers	160
Paying Agents	160
Professional Firms	160

Important Information for Potential Investors

The Board of Directors accepts full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts or omissions of which would make any statement misleading.

If you are in any doubt as to the contents of this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

It should be remembered that the price of Shares and the income from them can go down as well as up and that investors may not receive the amount that they originally invested.

HSBC Portfolios (the "**Company**") is an investment company (*Société d'Investissement à Capital Variable*) incorporated in the Grand Duchy of Luxembourg and qualifies as an Undertaking for Collective Investment in Transferable Securities ("**UCITS**") complying with the provisions of Part I of the 2010 Law.

No dealer, salesperson or any other person has been authorised to give any information or to make any representations, other than those contained in this Prospectus and in the documents referred to herein, in connection with the offer hereby made, and, if given or made, such information or representations must not be relied upon as having been authorised by the Company.

The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of Shares shall not, under any circumstances, create any implication that the affairs of the Company have not changed since the date hereof. This Prospectus does not constitute an offer or solicitation to subscribe for Shares by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

The distribution of this Prospectus and the offering of the Shares may be restricted in certain jurisdictions. It is thus the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdictions. Prospective subscribers for Shares should inform themselves as to the possible tax consequences, the legal requirements and any foreign exchange control requirements which they might encounter under the laws of the countries of their respective citizenship, residence or domicile and which might be relevant to the subscription, holding, conversion, redemption or disposal of Shares. Further selling restrictions considerations are set out below.

The Key Information Documents of each Class of each Sub-Fund, the latest Articles of Incorporation, the latest annual and any semi-annual reports of the Company, are available at the registered office of the Company and will be sent to investors upon request. These documents shall be deemed to form part of this Prospectus. The key information document (as defined in regulation 1286/2014 of the European Parliament and of the Council of 26

November 2014 on key information documents for packaged retail and insurance-based investment products ("**KID**") and the key investor information document ("**KIID**") within the meaning of article 159 of the 2010 Law are collectively defined as "**Key Information Document**" or "**KID**" in this Prospectus.

This Prospectus and the Key Information Document may be translated into other languages. Any such translation shall only contain the same information and have the same meaning as the English language Prospectus and the Key Information Document.

To the extent that there is any inconsistency between the documentation in English and the documentation in another language, the English language documentation will prevail, except to the extent required by the law of any jurisdiction where the Shares are sold.

The Key Information Documents are available on www.assetmanagement.hsbc.com. Please select your investor type and then 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Sub-Fund.

Prospective investors shall be provided with the latest version of the Key Information Documents in good time before their proposed subscription for Shares. The Key Information Documents provide information in particular on risks, features, costs and possible future performance. Investors may download the Key Information Documents on the website mentioned above or obtain them in paper form or on any other durable medium agreed between the Management Company or the intermediary and the investor. Depending on applicable legal and regulatory requirements (including but not limited to MiFID) in the countries of distribution, additional information on the Company, the Sub-Funds and the Shares may be made available to investors under the responsibility of local intermediaries/distributors.

Information for Investors by Country

United States of America

The Shares in the Company have not been, and will not be, registered under the United States Securities Act of 1933 (the "**Securities Act**") or under any of the securities laws of any of the states of the United States of America. The Company has not been and will not be registered under the Investment Company Act 1940 (the "**Investment Company Act**"), as amended, nor under any other US federal laws. Therefore, the Shares described in this Prospectus may not be offered or sold directly or indirectly in the United States of America, except pursuant to an exemption from the registration requirements of the Securities Act. Further, the Shares shall not be offered or sold, directly or indirectly, to any ultimate beneficial owner that constitutes a U.S. Person. As such, the Shares may not be directly or indirectly offered or sold to or for the benefit of a "**U.S. Person**", which shall be defined as and include (i) a "United States person" as described in section 7701(a)(30) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), (ii) a "**U.S. person**" as such term is defined in Regulation S of the US Securities 1933 Act, as amended, (iii) a

person that is "in the United States" as defined in Rule 202(a)(30)-1 under the Investment Act, as amended, or (iv) a person that does not qualify as a "Non-United States Person" as such term is defined in U.S. Commodities Futures Trading Commission Rule 4.7.

Canada

The Shares described in this Prospectus may only be distributed to Canadian nationals or in Canada exclusively through a locally regulated distributor appointed by the Global Distributor. This Prospectus may not be used to solicit, and will not constitute a solicitation of, an offer to buy Shares in to Canadian nationals or in Canada unless such solicitation is made by a locally regulated distributor appointed by the Global Distributor or the Company. For the avoidance of doubt, the Shares may be solicited or offered to Canadian non-residents providing that their registered addresses are not in Canada.

Hong Kong SAR

In Hong Kong SAR, the Company and a number of its Sub-Funds have been authorised by the Securities and Futures Commission ("SFC"). SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of the scheme or its performance. It does not mean the Company is suitable for all investors nor it is an endorsement of its suitability for any particular investor or class of investors.

Investors in Hong Kong SAR should read the Information for Hong Kong SAR Investors obtainable from www.assetmanagement.hsbc.com.hk.

The Company is authorised and regulated in the Grand Duchy of Luxembourg. HSBC Holdings plc ("**HSBC**") is the ultimate parent company of a number of affiliates involved in the management, investment management and distribution of the Company. HSBC is regulated by the Federal Reserve in the United States of America as a Financial Holding Company ("**FHC**") under the Bank Holding Company Act (the "**BHCA**") (and its associated the rules and regulations). As an FHC, the activities of HSBC and its affiliates are subject to certain restrictions imposed by the BHCA.

Bank Holding Company Act

Although HSBC does not own a majority of the Shares, the relationship with HSBC means that HSBC may be deemed to "control" the Company within the meaning of the BHCA. Investors should note that certain operations of the Company, including its investments and transactions, may therefore be restricted in order to comply with the BHCA.

For example, in order to comply with the BHCA a Sub-Fund may be:

- i. restricted in its ability to make certain investments;
- ii. restricted in the size of certain investments,
- iii. subject to a maximum holding period on some or all of its investments; and/or
- iv. required to liquidate certain investments.

In addition, certain investment transactions made between the Company and the Investment Advisers, the Board of Directors, HSBC and their affiliates may be restricted.

Any actions required pursuant to the BHCA will be executed in compliance with applicable law and in a manner consistent with the best interests of the Shareholders of each Sub-Fund. Investors should also refer to **Section 3.11 "Conflicts of Interest"**.

There can be no assurance that the bank regulatory requirements applicable to HSBC and/or indirectly to the Company, will not change, or that any such change will not have a material adverse effect on the investments and/or investment performance of the Sub-Funds. Subject to applicable law, HSBC and the Company may in the future, undertake such actions as they deem reasonably necessary (consistent with ensuring any actions remain in the best interests of the Shareholders of the Sub-Funds) in order to reduce or eliminate the impact or applicability of any bank regulatory restrictions on the Company and its Sub-Funds.

Luxembourg Stock Exchange

At the discretion of the Management Company, Share Classes of the Sub-Funds may be listed on the Luxembourg Stock Exchange. For so long as the Shares of any Sub-Fund are listed on the Luxembourg Stock Exchange, the Company shall comply with the requirements of the Luxembourg Stock Exchange relating to those Shares.

Additional Information

The Company and the Management Company draw the investors' attention to the fact that investors will only be able to fully exercise their investors' rights directly against the Company, notably the right to participate in general meetings of Shareholders if the investors are registered themselves and in their own name in the Company's register of Shareholders maintained by the Registrar and Transfer Agent. In cases where an investor invests in the Company through an intermediary investing into the Company in their own name but on behalf of the investor, (i) it may not always be possible for the investor to exercise certain shareholder rights directly against the Company and (ii) investors' rights to indemnification in the event of errors/non-compliance within the meaning of CSSF Circular 24/856 may be impacted.

Statements made in this Prospectus are, except where otherwise stated, based on the law and regulatory practice currently in force in the Grand Duchy of Luxembourg and are subject to changes therein. For the avoidance of doubt, the authorisation and qualification of the Company as UCITS do not imply any positive appraisal by the CSSF and any other Luxembourg authority of the contents of this Prospectus or the portfolio of assets held by the Sub-Funds. Any representation to the contrary is unauthorised and unlawful.

Data Protection and Outsourcing

Any information concerning Shareholders or potential investors (the "**Personal Data**") and individuals connected with such Shareholders or potential investors, including but not limited to

directors, employees and/or agents, representatives and/or beneficial owners and Shareholders (together the "**Data Subjects**"), provided to, or collected by or on behalf of, the Company and the Management Company (directly from Data Subjects or from publicly available sources and from external sources) will be processed by the latter as joint data controllers (the "**Controllers**" – contact details available at HSBC Investment Funds (Luxembourg) S.A. at 18. Boulevard de Kockelscheuer, L-1821 Luxembourg, in compliance with applicable data protection laws, in particular Regulation (EU) 2016/679 of 27 April 2016, the "**General Data Protection Regulation**" (together the "**Data Protection Legislation**"). The data of corporate investors may be processed in the same manner but outside the scope of the Data Protection Legislation.

If certain items of requested Personal Data are not provided it may not be possible to invest in or maintain an investment in Shares of the Company.

Personal Data will be processed by the Controllers and disclosed to, and processed by, service providers acting as processors on behalf of the Controllers such as the Depository Bank, Paying Agent and Administration Agent, the Registrar and Transfer Agent, the Corporate and Domiciliary Agent, the Investment Advisers, the Distributors and their appointed sub-distributors, legal and financial advisers (the "**Processors**"). This will be for purposes which include, but are not limited to:

- 1) offering and managing investments and performing the related services
- 2) developing and maintaining the business relationship with the Processors
- 3) verifying Shareholder identity as part of the client onboarding process
- 4) carrying out Shareholder instructions
- 5) keeping track of conversations with Shareholders (by phone, in person, by email or any kind of communication including email screening and
- 6) managing internal operational requirements for risk management, system or product development and planning, insurance, audit and administrative purposes (the "**Purposes**"). For more information, please refer to the more detailed privacy notice.

Personal Data will also be processed by the Controllers and Processors to comply with legal or regulatory obligations applicable to them such as cooperation with, or reporting to, public authorities including but not limited to legal obligations under applicable fund and company law, anti-money laundering and counter terrorist financing ("**AML-CTF**") legislation, prevention and detection of crime, tax law such as reporting to the tax authorities under Foreign Account Tax Compliance Act ("**FATCA**"), the Common Reporting Standard ("**CRS**") or any other tax identification legislation to prevent tax evasion and fraud as applicable (the "**Compliance Obligations**").

The Controllers and/or the Processors may be required to report information (including name and address, date of birth and U.S. tax identification number ("**TIN**") if applicable, account number, balance on account, the "**Tax Data**") to the Luxembourg tax authorities (*Administration des contributions directes*) which will exchange this information with the competent authorities in permitted jurisdictions (including outside the European Economic Area) for the purposes provided for in FATCA and CRS or equivalent Luxembourg legislation. It is mandatory to answer questions and requests with respect to FATCA and/or CRS relating to the Data Subjects' identification and number of Shares held in the Company and failure to provide relevant Personal Data requested by the Controllers or the Processors in the course of a Shareholder's relationship with the Company may result in incorrect or double reporting, prevent a Shareholder from acquiring or maintaining their Shares in the Company and may be reported to the relevant Luxembourg authorities.

In certain circumstances, the Processors may also process Personal Data of Data Subjects as controllers, in particular for compliance with their legal obligations in accordance with laws and regulations applicable to them (such as anti-money laundering identification) and/or compliance with the order of any competent jurisdiction, court, governmental, supervisory or regulatory bodies, including tax authorities.

Communications (including telephone conversations and e-mails) may be recorded by the Controllers and Processors including for record keeping as proof of a transaction or related communication in the event of a disagreement and to enforce or defend the Controllers' and Processors' interests or rights in compliance with any legal obligation to which they are subject. Such recordings may be produced in court or other legal proceedings and permitted as evidence with the same value as a written document and will be retained for a period of 10 years starting from the date of the recording. The absence of recordings may not in any way be used against the Controllers and Processors.

Personal Data of Data Subjects may be transferred outside of the European Union (including to Processors), in countries which are not subject to an adequacy decision of the European Commission and whose legislation does not ensure an adequate level of protection as regards the processing of personal data such as, but not limited to, Sri Lanka and Hong Kong SAR.

Insofar as Personal Data is not provided by the Data Subjects themselves the Shareholders represent that they have authority to provide such Personal Data relating to other Data Subjects. If the Shareholders are not natural persons, they undertake and warrant to (i) adequately inform any such other Data Subject about the processing of their Personal Data and their related rights as described below and in the information notice and (ii) where necessary and appropriate, obtain in advance any consent that may be required for the processing of the Personal Data.

Personal Data of Data Subjects will not be retained for longer than necessary with regard to the Purposes and Compliance

Obligations, in accordance with applicable laws and regulations, subject always to applicable legal minimum retention periods.

Detailed data protection information is contained in the privacy notice available at www.global.assetmanagement.hsbc.com/luxembourg/privacy-notice, in particular in relation to the nature of the Personal Data processed by the Controllers and Processors, the legal basis for processing, recipients, and safeguards applicable for transfers of Personal Data outside of the European Union.

The Shareholders have certain rights in relation to Personal Data relating to them including the rights to access to or to have Personal Data about them rectified or deleted, ask for a restriction of processing or object thereto, right to portability, right to lodge a complaint with the relevant data protection supervisory authority and the right to withdraw consent after it was given). The information notice contains more detailed information concerning these rights and how to exercise them.

The full privacy notice is also available on demand by contacting HSBC Investment Funds (Luxembourg) S.A. at 18. Boulevard de Kockelscheuer, L-1821 Luxembourg, Grand Duchy of Luxembourg.

The Shareholders' attention is drawn to the fact that the data protection information contained herein and in the information notice is subject to change at the sole discretion of the Controllers.

The Management Company, the Depositary Bank and Central Paying Agent, the Administration Agent, and the Registrar and Transfer Agent acting in their respective capacities as described in this Prospectus are in addition bound by professional secrecy rules and required to keep any information relating to Shareholders confidential.

The Management Company, the Depositary Bank and Central Paying Agent, the Administration Agent, and the Registrar and Transfer Agent outsource certain activities to intra-group or third party service providers located in various jurisdictions. Such outsourcing could imply the transfer of information related to Shareholders. Information on the current outsourcing parties appointed by them or on their behalf, including the jurisdiction in which they are located, are available at www.hsbc.lu/-/media/cl-luxembourg/consent-ss-12112021.pdf. In case of additional appointments in the future, the information on the website will be updated accordingly.

For the avoidance of doubt, the term Shareholders covers in this context individuals and corporate entities.

Section 1. Sub-Fund Information

The Company offers investors, within the same investment vehicle, a choice of investments in one or more Sub-Funds.

Each Sub-Fund represents a portfolio containing different assets and liabilities and is considered to be a separate entity in relation to the Shareholders and third parties. The rights of Shareholders and creditors concerning a Sub-Fund or which have arisen in relation to the establishment, operation or liquidation of a Sub-Fund are limited to the assets of that Sub-

Fund. No Sub-Fund will be liable with its assets for the liabilities of another Sub-Fund.

A full list of the Sub-Funds of the Company can be found below. Specific information on each Sub-Fund can be found in the applicable individual supplement in **Appendix I. "Sub-Fund Supplements"** to this Prospectus (the "**Sub-Funds Supplements**").

World Selection Sub-Funds

- ◆ HSBC Portfolios – World Selection 1
- ◆ HSBC Portfolios – World Selection 2
- ◆ HSBC Portfolios – World Selection 3
- ◆ HSBC Portfolios – World Selection 4
- ◆ HSBC Portfolios – World Selection 5

Select Sub-Funds

- ◆ HSBC Portfolios – Select Cautious
- ◆ HSBC Portfolios – Select Conservative
- ◆ HSBC Portfolios – Select Balanced
- ◆ HSBC Portfolios – Select Dynamic
- ◆ HSBC Portfolios – Select Adventurous
- ◆ HSBC Portfolios – Select Flexible

1.1 Investing in the Sub-Funds

◆ Share Classes

Within each Sub-Fund, separate Classes of Shares may be created, whose assets are commonly invested in an underlying portfolio of investments but where a specific fee structure, Reference Currency, currency exposure, distribution policy or any other characteristic as determined by the Board of Directors may be applied.

Shares have equal rights and are, upon issue, entitled to participate equally, in proportion to their value, in the profits (such as the declaration of distribution) and liquidation proceeds relating to the relevant Share Class.

The Shares carry no preferential or pre-emptive rights. Each whole Share is entitled to one vote at all meetings of Shareholders.

The Board of Directors may suspend the right to vote of shareholders who do not comply with their obligations set out in the Articles of Incorporation and/or any document (including any application form) stating their obligations towards the Company and/or the other Shareholders.

In case the voting rights of one or more Shareholders are suspended in accordance with the above paragraph, such Shareholders shall be sent the convening notice for any general meeting and may attend the general meeting but their Shares shall not be taken into account for determining whether the quorum and majority requirements are satisfied.

Shareholders may undertake (personally) not to exercise their voting rights in respect of all or part of their Shares, temporarily or indefinitely.

◆ Share Class Designations

As at the date of this Prospectus, the following base Share Classes may be made available. Further details are provided for in **Appendix I. "Sub-Fund Supplements"**, which sets out the specific Share Classes which may be made available in relation to each Sub-Fund together with their respective applicable Minimum Initial Investment & Minimum Holding.

An up-to-date list of launched Share Classes can be obtained from the registered office of the Company or the Management Company.

Share Class Currencies

BRL

CHF

EUR

GBP

HKD

INR

JPY

RMB

SEK

SGD

USD

Base Class	Available to
A & M ¹	All investors
B & N ¹	<ul style="list-style-type: none"> ◆ Sub-distributors who are prohibited from accepting and retaining inducements from third parties under applicable laws and regulations or court rulings, such as in the United Kingdom or the Netherlands; or ◆ Sub-distributors who have a separate fee arrangement with their clients in relation to the provision of investment services and activities (for example, in the European Union, services and activities performed under MiFID II) and who have opted not to accept and retain inducements from third parties
E	<p>Investors in certain countries, subject to the relevant regulatory approval, through Distributors selected by the Global Distributor.</p> <p>An annual management fee equivalent to that of the Class A Shares plus 0.3% to 0.5% per annum of the Net Asset Value of Class E Shares will apply, which may be payable to the selected Distributors in certain countries</p>
F	Investors who have entered into a discretionary management agreement with an HSBC Group entity and to investors subscribing via Distributors selected by the Global Distributor, provided that the investors qualify as Institutional Investors
I & U	All investors, through Distributors selected by the Global Distributor on application to the Company
J ¹	Funds of funds managed by the HSBC Group or managed by specific entities selected by the Global Distributor on application to the Company
K	HSBC Group insurance companies that qualify as Institutional Investors
L ¹	Distributors selected by the Global Distributor, provided that the investors qualify as Institutional Investors
P	Investors in certain countries or through certain Distributors selected by the Global Distributor on application to the Company
PN	Investors in certain European countries or through certain Distributors selected by the Global Distributor on application to the Company, who are prohibited from accepting and retaining inducements from third parties under applicable laws and regulations or court rulings, such as in the United Kingdom or the Netherlands

PR	Investors in certain European countries or through certain Distributors selected by the Global Distributor on application to the Company
R¹	Investors in certain countries, subject to the relevant regulatory approval, through Distributors selected by the Global Distributor on application to the Company.
S² & SP	Investors in certain countries and/or through Distributors selected by the Global Distributor provided that the investors qualify as Institutional Investors
T	T Shares are available to all investors. T Shares are available to eligible investors until such time the assets under management of the associated sub-fund reach a pre-defined threshold (provided in the respective Sub-Fund Supplement), at which point the T Shares will be closed for further subscriptions or conversions from both new and existing investors. In the event that a sub-fund's assets under management fall below this threshold or at the Board of Director's discretion, the Board of Directors may elect to reinstate the availability of the T Shares.
W	Distributors that will also be members or affiliated entities of the HSBC Group as selected by the Global Distributor provided that the investors qualify as Institutional Investors No Operating, Administrative and Servicing Expenses will apply. All the fees and charges allocated to this Class will be paid directly by members or affiliated entities of the HSBC Group
X	Distributors selected by the Global Distributor provided that the investors qualify as Institutional Investors and fall into one of the following categories: companies or company pension funds, insurance companies, registered charities or funds managed or advised by an HSBC Group entity and other such institutional investors, as agreed by the Board of Directors
Y & YP¹	Investors in certain countries through Distributors selected by the Global Distributor on application to the Company
Z & ZP¹	Investors who have entered into a discretionary management agreement with an HSBC Group entity and to investors subscribing via Distributors selected by the Global Distributor provided that such investors qualify as Institutional Investors

Successive Share Classes may be issued in one or more sub-funds and will be denominated with sequential numbering (e.g. ZP1, ZP2, etc.) - the respective Sub-Fund Supplement for further information on the different Share Classes offered in relation to each Sub-Fund.

Additionally, there are differences in how certain distribution shares calculate distributions:

Distribution Share Class	Methodology
D, D1, S, S1, Q, Q1, M & M1	These shares distribute substantially all net investment income of the relevant Sub-Fund, minus fees and expenses. Note that D and D1 shares require advance consultation with the distributor or management company before an initial investment.
D2, S2, Q2 & M2	Indicate that distributions are based on the estimated annual yield of the relevant Sub-Fund's portfolio.

D3H, S3H, Q3H & M3H

Indicate that distributions are based both on the estimated annual yield of the relevant Sub-Fund's portfolio and on the difference in interest rates between the share class currency and the Sub-Fund's base currency. If this difference is negative, you may receive no distribution or a reduced distribution.

Restrictions may apply to the purchase of certain Share Classes. Investors subscribing in the Company should contact their local distributor before submitting an Application Form.

The minimum initial investment amount may be waived or reduced at the discretion of the Company or the Management Company.

There is no minimum investment amount applied to subsequent investments. However, certain Distributors may impose different minimum initial investment, minimum subsequent investment and minimum holding amounts. Further details may be obtained from the relevant Distributors.

◆ **Share Class Characteristics**

Each of the Share Classes described in the table above may be made available as Capital-Accumulation Shares and/or as Distribution Shares, denominated in different Reference Currencies and/or as Currency Hedged Shares (which may be offered as either Portfolio Currency Hedged Shares or Base Currency Hedged Shares), as further described below.

Where a Sub-Fund offers Currency Hedged Share Classes all investors in the Sub-Fund should be aware that the European Markets Infrastructure Regulation ("EMIR") requires the collateralisation of all forward foreign exchange contracts (the Currency Hedged Share Classes will normally use forward foreign exchange contracts to provide the currency hedge). As a result, there could be an impact on all investors in the Sub-Fund, further information is provided in **Section 2. "Risk Considerations"**. An up-to-date list of launched Share Classes per Sub-Fund can be obtained from the registered office of the Company or the Management Company wherein Share Classes with a contagion risk as described under paragraph "**Currency Hedged Share Classes**" of **Section 1.1 "Investing in the Sub-Funds"** are identified.

◆ **Capital-Accumulation Share Classes and Distribution Share Classes**

Capital-Accumulation Shares are identifiable by a "C" following the Sub-Fund and Class names (e.g., Class AC) and normally do not pay any distributions.

Distribution Shares may declare and pay out distributions at least annually. Each Sub-Fund may offer Distribution Shares which calculate distribution payments based upon various methodologies. Please refer to **Section 1.12. "Distribution Policy"** for further information.

◆ **Reference Currency Share Classes**

Within a Sub-Fund, separate Share Classes may be issued with different Reference Currencies.

Investors in such classes may be exposed to currency fluctuations between the main currency that an investor uses on a day-to-day basis (the "**Home Currency**") which may be the same as the Reference Currency of the Reference Currency Share Class and either (i) the Sub-Fund's underlying portfolio currencies or (ii) the Sub-Fund's Base Currency (in the case of Sub-Funds which aim to hedge portfolio currencies to the Sub-Fund's Base Currency).

A Reference Currency Share Class is identified by a standard international currency acronym added as a suffix, e.g. "ACEUR" for a Capital-Accumulation Share Class denominated in Euro.

Each Reference Currency Share Class is also identified by an International Securities Identification Number ("**ISIN**").

Subscriptions and redemptions are settled only in the Reference Currency of the Base Currency Share Class.

◆ **Currency Hedged Share Classes**

Within a Sub-Fund, separate Currency Hedged Share Classes (available as Portfolio Currency Hedged Share Classes or Base Currency Hedged Share Classes) may be issued. Both types of Share Class seek to minimise the effect of currency fluctuations between the Reference Currency of the Share Class and the Base Currency of the relevant Sub-Fund.

Whether a Sub-Fund offers Portfolio Currency Hedged Share Classes or Base Currency Hedged Share Classes depends upon the currency exposure and/or currency hedging policy of the Sub-Fund itself, as described below.

Any transaction costs and gains or losses from currency hedging shall be accrued to and therefore reflected in the NAV per Share of the relevant Currency Hedged Share Class. Currency Hedged Share Classes will be hedged irrespective of whether the target currency is declining or increasing in value.

Currency Hedged Share Classes are identifiable as follows:

Portfolio Currency Hedged Share Class	Base Currency Hedged Share Class
Suffixed by "H" followed by the standard international currency acronym into which the Sub-Fund's Base Currency is hedged.	Suffixed by "O" followed by the standard international currency acronym into which the Sub-Fund's Base Currency is hedged.
Example: ACHEUR means Class A, Capital-Accumulation, Euro Base Portfolio Currency Hedged Share Class.	Example: ACOEUR means Class A, Capital-Accumulation, Euro Base Currency Hedged Share Class.

◆ **Portfolio Currency Hedged Share Classes**

Portfolio Currency Hedged Share Classes are offered for Sub-Funds:

1. where the underlying portfolio consists of assets which are wholly, or almost wholly, denominated in the Sub-Fund's Base Currency and/or the underlying portfolio of assets are hedged (either wholly, or almost wholly) to the Sub-Fund's Base Currency; or
2. which seek to obtain a return calculated in their Base Currency whilst the underlying assets of the Sub-Fund may be exposed to multiple currencies.

◆ **Base Currency Hedged Share Classes**

Base Currency Hedged Share Classes are offered for Sub-Funds where the underlying portfolio has or may have a material exposure to assets which are denominated in a currency (or currencies) which is (or are) different to the Sub-Fund's Base Currency. Subject to the investment objective of a Sub-Fund, such exposure may or may not be material in actuality for prolonged or temporary periods.

Base Currency Hedged Share Classes seek to provide a return which is consistent with the return on a Share Class with a Reference Currency which is the same as the Sub-Fund's Base Currency. However, the returns may differ due to various factors including interest rate differentials between the Reference Currency of the Base Currency Hedged Share Class and the Sub-Fund's Base Currency and transaction costs.

Investors in the Base Currency Hedged Share Classes will be exposed to currency exchange rate movements of the underlying portfolio currencies against the Sub-Fund's Base Currency rather than being exposed to the underlying portfolio currencies against the Reference Currency of the Share Class.

For example, in the case of a EUR Base Currency Hedged Share Class of Global Emerging Markets ESG Local Debt (which invests in assets denominated in Emerging Market currencies and operates with a USD Base Currency) where the return to be hedged is the return in USD, the Administration Agent (or other appointed parties) will, following a EUR subscription into the EUR Base Currency Hedged Share Class, convert EUR to USD whilst entering into a USD/EUR currency forward transaction with the aim of creating a Base Currency hedged currency exposure. This means an investor in this Base Currency Hedged Share Class will be exposed to the movement of the underlying portfolio currencies (Emerging Market currencies) relative to USD rather than being exposed to the underlying portfolio currencies (Emerging Market currencies) relative to EUR. There is no guarantee that the underlying portfolio currencies will appreciate against the Sub-Fund's Base Currency and depending upon currency movements, an investor's return may be less than if they had invested in a non-Base Currency Hedged Share Class denominated in their Home Currency.

◆ **Operating Share Class Currency Hedging Fees**

For a Portfolio Currency Hedged Share Class or Base Currency Hedged Share Class, the Administration Agent or other appointed parties are entitled to any fees relating to the execution of the Share Class currency hedging policy, which will be borne by the Portfolio Currency Hedged Share Class or Base Currency Hedged Share Class. These fees are applied in addition to the Operating, Administrative and Servicing Expenses (See **Section 1.13. "Charges and Expenses"** for further information).

◆ **Dealing Currencies**

Share Classes issued in the Base Currency of a Sub-Fund may also be available in other dealing currencies ("**Dealing Currencies**").

Dealing Currencies may be available only in certain Classes or through selected Distributors and/or in certain countries. The available Dealing Currencies are listed in the Application Form.

Where Share Classes are issued in different Dealing Currencies, the Sub-Fund's portfolio remains exposed to the currencies of the underlying holdings. No hedging is undertaken for those Share Classes.

1.2 How to Purchase Shares

◆ Application

Investors buying Shares for the first time should duly complete and sign the Application Form. Any subsequent purchase of Shares can be made by letter, fax or any pre-agreed electronic channels.

Investors purchasing any Shares through a distributor should note that they will be subject to the distributor's account opening requirements. Applications for Shares of any Sub-Fund made to the Company, either directly to the Registrar and Transfer Agent or through an appointed distributor before the appropriate dealing cut-off times on a Dealing Day will, if accepted, normally be fulfilled on that Dealing Day, unless otherwise in the respective Sub-Fund Supplement.

The cut-off times and Dealing Days for each Sub-Fund can be found in the respective Sub-Fund Supplement.

◆ Acceptance

The Company or the Management Company reserves the right to reject any subscription application in whole or in part.

If an application is rejected, the application monies or balance thereof will be returned within five Business Days of rejection to the applicant by transfer to the applicant's designated account, provided the identity of the applicant can be properly verified pursuant to Luxembourg anti-money laundering regulations. In such event, the Company, the Management Company and the Registrar and Transfer Agent will not be liable for any interest, costs or compensation.

Failure to provide proper documentation may result in the withholding of distribution and redemption proceeds by the relevant Sub-Fund.

◆ Prevention of money laundering and financing of terrorism

In accordance with international regulations and Luxembourg laws and regulations in relation to the fight against money laundering and terrorism financing in force at the date of signature of the prospectus, obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for money laundering and terrorism financing purposes.

Measures aimed towards the prevention of money laundering, as provided in these regulations, may require a detailed verification of a prospective Investor's identity. For the sake of completeness, such verification also entails the mandatory and regular controls and screenings related to international sanctions and performed against targeted financial sanctions and politically exposes persons ("**PEP**") lists.

The Company, the Management Company and the Registrar and Transfer Agent have the right to request any information as is necessary to verify the identity of a prospective Investor. In the event of delay or failure by the prospective Investor to produce any information required for identification or

verification purposes, the Company (or its delegate) may refuse to accept the application and will not be liable for any interest, costs or compensation. Similarly, when Shares are issued, they cannot be redeemed or converted until full details of registration and anti-money laundering documentation have been completed.

Pursuant to the Luxembourg Law of 12 November 2004 (as amended) on the fight against money laundering and terrorist financing, any other applicable laws and regulations and the relevant circulars of the Luxembourg supervisory authority, obligations have been imposed on professionals of the financial sector to prevent the use of undertakings for collective investment such as the Company for money laundering and terrorist financing purposes. As a result of such provisions, the registrar agent of a Luxembourg undertaking for collective investment shall in principle ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations.

The registrar agent may require subscribers to provide any document it deems necessary to effect such identification, including but not limited to an original duly completed and signed application form.

In case of delay or failure by a subscriber to provide the documents required, the application for subscription (or, if applicable, for redemption) will not be accepted. Neither the Company nor the Registrar and Transfer Agent have any liability for delays or failure to process deals as a result of the investor providing no or only incomplete documentation.

Shareholders may be requested to provide additional or updated identification documents from time to time pursuant to ongoing client due diligence requirements under relevant laws and regulations.

An Application Form will be completed by each new investor. The list of identification documents to be provided by each investor will be based on the Anti-Money Laundering ("AML") & Know Your Customers ("KYC") requirements as stipulated in the CSSF's circulars and regulations as amended from time to time and based on the AML & KYC Guidelines agreed between the Management Company and the Registrar and Transfer Agent. These requirements may be amended, from time to time (for example, upon the introduction of new Luxembourg regulations).

Investors may be asked to produce additional documents for verification of their identity before acceptance of their applications.

Where a shareholder has been requested to provide further information for anti-money laundering purposes or other similar purposes as further disclosed in this Prospectus, the Company may decide to withhold any transfer request and any payment of the proceeds of any redemption request that has been processed, without interest accruing, until such information demand has been complied with to the satisfaction

of the Company. In case of refusal by the investor to provide the documents required, the application will not be accepted.

Before redemption proceeds are released, the Registrar and Transfer Agent may require original documents or a certified true copy of original documents to comply with the Luxembourg regulations.

In accordance with the Luxembourg law of 13 January 2019 establishing a register of beneficial owners, Shareholders are informed that the Company may need to communicate certain information to the register of beneficial owners in Luxembourg (the "RBO"). The relevant authorities and authorised persons, as required by, and under the conditions set forth in the Luxembourg anti-money laundering laws and regulations, can access the register and the relevant information of the beneficial owners of the Company, including the name, the month and year of birth, the country of residence and nationality. This law defines beneficial owners as a reference to economic beneficiaries under the Luxembourg Law of 12 November 2004 (as amended) on the fight against money laundering and terrorist financing as the Shareholders who own more than 25% of the shares of the Company or who otherwise control the Company.

In addition, the Investor acknowledges that failure by a Shareholder, or, as applicable, beneficial owner(s) thereof, to provide the Company, or any delegate thereof, with any relevant information and supporting documentation necessary for the Company to comply with its obligation to provide same information and documentation to the RBO is subject to criminal fines in Luxembourg.

Furthermore, considering that money laundering, terrorism financing and proliferation financing risks also exist on the investment side, the Company is required to perform due diligence and adequate sanctions screening when performing investments operations. For investment transactions, the Company may ask for additional documents at any time if it considers it to be necessary, and may delay the investment operation and any associated transaction requests until it receives and judges to be satisfactory all requested documents.

◆ Purchase of Shares in the UK

Prospective subscribers in the United Kingdom are advised that if they enter into a purchase agreement for Shares in consequence of this Prospectus or subsequently apply to convert such Shares to Shares in another Sub-Fund, they shall not have the right (provided under Section 15 of the Financial Conduct Authority's Conduct of Business Sourcebook, as may be amended from time to time) to cancel the investment agreement constituted upon the acceptance by or on behalf of the Company of an application for Shares unless advice has been received from a financial adviser.

If subscribers invest directly or are not resident in the United Kingdom, the Management Company will assume that the

subscribers did not receive advice unless indicated at the time of investing that they did receive advice.

In addition, prospective subscribers in the United Kingdom should note that investment into this scheme will not be covered by the provisions of the Financial Services and Markets Act 2000 (the "Act") for the protection of subscribers. The Management Company is not an authorised person under the Act and subscribers are not therefore protected by the Financial Services Compensation Scheme.

The Company has however been certified as a UCITS scheme by the CSSF and may in the future be certified by the Financial Conduct Authority ("FCA") as a recognised collective investment scheme in the UK, pursuant to the Act.

◆ Settlement of Orders

In Cash

Settlement should be made by electronic transfer net of bank charges to the relevant correspondent bank(s) quoting the subscriber's name and stating the appropriate Sub-Fund and Share Class in respect of which settlement monies are paid. Details of the relevant correspondent bank(s) are given on the Application Form or can be obtained from a distributor.

No money should be paid to a salesperson or in Hong Kong SAR to any intermediary who is not a person licensed to carry on Type I (dealing in securities) regulated activities under the Securities and Futures Ordinance (the "SFO") in Hong Kong SAR or a financial institution registered under the SFO to carry on such activities.

Unless otherwise stated in the respective Sub-Fund Supplement, cleared monies for subscription orders must be received in the Settlement Currency by the Company or by a correspondent bank to its order, no later than the deadlines set forth below.

No later than three Business Days after receipt of the application unless:

- ◆ the application is received on a day which is not a Dealing Day in which case the application is dealt on the next following Dealing Day and the due date is three Business Days thereafter; or
- ◆ the third Business Day is a day on which the banks in the principal financial centre for the Settlement Currency are closed for business, in which case receipt of cleared monies will be the next Business Day where the banks in the principal financial centre for the Settlement Currency are open for business unless otherwise provided in the respective Sub-Fund Supplement.

The settlement period as defined above will apply and will not be extended if:

- ◆ any of the days between the Dealing Day and the settlement date are not a Dealing Day; or

- ◆ the settlement date is not on a Dealing Day; or
- ◆ the Dealing Day is on a day on which the banks in the principal financial centre for the Settlement Currency are closed for business; or
- ◆ any of the days between the Dealing Day and the settlement date is a day on which the banks in the principal financial centre for the Settlement Currency are closed for business.

If timely settlement is not made by the subscriber, the subscription may lapse and be cancelled at the cost of the subscriber or its financial intermediary.

If the subscriber does not settle the subscription price in a timely manner, no Shares will be issued to the defaulting subscriber and the latter will therefore not be entitled to benefit from any rights relating to Shares.

Failure to proceed to timely settlement by the settlement date or if prior to such time limit the Company becomes aware of an event affecting the investor that, in the opinion of the Company, its agent or its delegate, is likely to result in a situation where the investor will not be in a position to or willing to pay the offer price within the aforesaid time limit, may result in the Company / Management Company (i) being entitled to cancel the shares through redemption, at its absolute discretion, at the cost and expense of the investor without prior notice or (ii) bringing an action against the defaulting subscriber or its financial intermediary or deducting any costs, expenses or losses incurred by the Company / Management Company against any existing holding of the subscriber.

Any shortfall between the offer price and the redemption price and any costs and/or expenses and/or losses incurred by the Company, its agent or its delegate to enforce the Company's rights will be required to be paid by the investor to the Company, its agent or its delegate upon demand in writing to compensate the damage suffered by the Company, its agent or its delegate. In case the redemption proceeds exceed the offer price and the aforesaid costs, expenses or losses, the difference may be retained by the Company, its agent or its delegate. In the case the redemption proceeds and any amounts effectively recovered from the investor are less than the offer price, the shortfall will be borne by the Company, its agent or its delegate. Pending receipt of the offer price, the transfer or conversion of the relevant shares is not permitted and voting rights and entitlements to distribution payments are suspended.

Money returnable to the subscriber from any other shareholding the subscriber may have in the Company may be netted taking into account any costs or losses incurred by the Company / Management Company due to non-settlement of subscription proceeds within the above timeline.

Subscribers are advised to refer to the terms and conditions applicable to subscriptions which are detailed in the Application Form.

In Kind

The Board of Directors may, at its discretion, decide to accept securities as valid consideration for a subscription provided that these comply with the investment policy and restrictions of the relevant Sub-Funds. Such securities will be independently valued in accordance with Luxembourg laws and regulatory requirements including a special report from the Company's Auditors in Luxembourg. Additional costs resulting from a subscription in kind will be borne exclusively by the subscriber concerned.

◆ Form of Shares

Shares are only issued in registered form, with only a Share confirmation being sent to the subscriber. The Company does not issue bearer shares.

For registered Shares, fractions of Shares will be allocated where appropriate.

Registered Shares in book form can be delivered into the Clearstream or Euroclear platforms.

◆ Settlement Currencies

Payments for subscriptions can only be made in the Reference Currency of the Share Class or, where available, in a Dealing Currency.

Payments made in a currency other than the Reference Currency of the Share Class or a Dealing Currency available for the Share Class will require a foreign exchange transaction between this currency and the Base Currency of the Sub-Fund. This operation will be arranged by the Distributor or the Registrar and Transfer Agent at the subscriber's expense on the basis of the exchange rate applicable as at the Dealing Day.

All these currencies in which payments for subscriptions shall be made are subsequently referred to as "Settlement Currency".

1.3 How to Sell Shares

◆ Application

Redemption requests should be made to the Company, either directly to the Registrar and Transfer Agent or through the Distributors.

Redemption requests may be made by letter, fax or any pre-agreed electronic channels. They must include the names and personal account number(s) of the shareholder(s), either the number of Shares to be repurchased or the cash value to be raised relating to each Sub-Fund and any special instructions for despatch of the redemption proceeds.

Redemption requests made to the Company, either directly to the Registrar and Transfer Agent or through a distributor, before the appropriate dealing cut-off times as set forth below on a Dealing Day will, if accepted, normally be fulfilled on that Dealing Day, unless otherwise provided below or in **Appendix I. "Sub-Fund Supplements"**.

The cut-off times and Dealing Days for each Sub-Fund can be found in the respective Sub-Fund Supplement.

◆ Settlement of Orders

In Cash

Unless otherwise stated in the respective Sub-Fund Supplement, redemption proceeds shall be paid by electronic transfer in the Settlement Currency no later than the deadlines set forth below.

Three Business Days after receipt of the application unless:

- ◆ the application is received on a day which is not a Dealing Day in which case the application is dealt on the next following Dealing Day and the due date is three Business Days thereafter; or
- ◆ the third Business Day is a day on which the banks in the principal financial centre for the Settlement Currency are closed for business, in which case receipt of cleared monies will be the next Business Day where the banks in the principal financial centre for the Settlement Currency are open for business unless otherwise provided in the respective Sub-Fund Supplement.

The settlement period as defined above will apply and will not be extended if:

- ◆ any of the days between the Dealing Day and the settlement date is a Dealing Day; or
- ◆ the settlement date is a not on a Dealing Day; or
- ◆ the Dealing Day is on a day on which the banks in the principal financial centre for the Settlement Currency are closed for business; or
- ◆ any of the days between the Dealing Day and the settlement date is a day on which the banks in the principal financial centre for the Settlement Currency are closed for business.

If payment is made by telegraphic transfer at the request of the shareholder, any costs so incurred will be the liability of the shareholder. **The payment of the redemption proceeds is carried out at the risk of the shareholder.**

In Kind

At a shareholder's request and if accepted by the Board of Directors, the Company may elect to make a redemption in kind subject to a special report from an auditor (to the extent this report is required by law or regulations), having due regard to the interests of all Shareholders, to the industry sector of the issuer, to the country of issue, to the liquidity and to the marketability and the markets on which the investments distributed are dealt in and to the materiality of investments.

The distribution of the underlying portfolio assets will be operated through a pro-rata of all lines of stock (subject to market lots) based on the percentage of the shareholder's

holdings in relation to the NAV of the relevant Sub-Fund. In the event that a shareholder is not able to receive the stocks, the Company will arrange for the allocated stocks to be sold, and the subsequent sale proceeds will then be transferred to the shareholder. It should be noted that such an arrangement will result in the shareholder receiving a value per share based on the sale proceeds not the official NAV of the day.

Additional costs resulting from a redemption in kind will be borne exclusively by the shareholder concerned.

◆ Settlement Currencies

Payments for redemptions can only be made in the Reference Currency of the Share Class or, where available, in a Dealing Currency.

Payments made in a currency other than the Reference Currency of the Share Class or a Dealing Currency available for the Share Class will require a foreign exchange transaction between this currency and the Base Currency of the Sub-Fund. This operation will be arranged by the distributor or the Registrar and Transfer Agent at the shareholder's expense on the basis of the exchange rate applicable as at the Dealing Day.

All these currencies in which payments for redemptions shall be made are subsequently referred to as "Settlement Currency".

In exceptional circumstances, such as during an event of very significant currency markets disruption, should it not be possible for the Company to make payments for redemptions in the Reference Currency of a Share Class or in the Dealing Currency the Company reserves the right to make such payment only in the Base Currency of the Sub-Fund.

◆ Cancellation Rights

Requests for redemption once made may only be cancelled in full by the applicant in the event of a suspension of the issue of Shares provided for in **Section 1.9. "Suspension of Dealing or Valuations"** or in the event of a deferral of the right to redeem Shares of the relevant Sub-Fund as described above.

◆ Compulsory Redemption

If as a result of redemptions and/or conversions, the value of a shareholder's residual holding in a Share Class falls below the minimum holding requirement as set forth in **Section 1.1 "Investing in the Sub-Funds"**, the Board of Directors or the Management Company may decide to compulsorily redeem the shareholder's entire holding in that Share Class. The Board of Directors may in addition compulsorily redeem shares under the conditions set out in the Articles of Incorporation.

◆ Prevention of Market Timing Practices

The Company does not knowingly allow investments which are associated with market timing practices, as such practices may adversely affect the interests of all Shareholders.

In general, market timing refers to the investment behaviour of an individual or company or a group of individuals or companies

buying, selling or exchanging shares or other securities on the basis of predetermined market indicators by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the net asset value. Market timers may also include individuals or groups of individuals whose securities transactions seem to follow a timing pattern or are characterised by frequent or large exchanges.

Accordingly, the Management Company may, whenever it deems it appropriate and using its existing discretion take the following decisions or cause the Registrar and Transfer Agent and/or the Administration Agent, as appropriate, to implement any or all, of the following measures:

- 1.1 The Registrar and Transfer Agent may combine Shares which are under common ownership or control for the purposes of ascertaining whether an individual or a group of individuals can be deemed to be involved in market timing practices. Accordingly, the Management Company reserves the right to cause the Registrar and Transfer Agent to reject any application for switching and/or subscription of Shares from investors whom the former considers market timers.
- 1.2 If a Sub-Fund is primarily invested in markets which are closed for business at the time the Sub-Fund is valued, the Management Company may, during periods of market volatility, and in accordance with the provisions below cause the Administration Agent to adjust the Net Asset Value per Share to reflect more accurately the fair value of the Sub-Fund's investments in accordance with the **"Fair Value Adjustments"** outlined in **Section 1.11. "Pricing and Valuation"** or, in certain circumstances specified in **Section 1.9. "Suspension of Dealing or Valuations"**, to suspend the calculation of the Net Asset Value per Share and the issue, allocation, the redemption and the conversion of Shares relating to that Sub-Fund.
- 1.3 If a Sub-Fund is primarily invested in markets that are closed or operate with substantially restricted or suspended dealings, the Management Company may suspend the calculation of the Net Asset Value per Share and the issue allocation and the redemption and repurchase of Shares relating to that Sub-Fund (see **Section 1.9. "Suspension of Dealing or Valuations"**).
- 1.4 In addition to the fees listed elsewhere in this Prospectus, the Management Company may impose a charge of up to 2.00% of the Net Asset Value of the Shares redeemed or exchanged where the Management Company reasonably believes in good faith that an investor has engaged in market timing activity or active trading that is to the disadvantage of other Shareholders. The charge shall be credited to the relevant Sub-Fund.

1.4 How to Switch Between Sub-Funds of the Company

◆ Application

Unless otherwise provided in the respective Sub-Fund Supplement, Shareholders are entitled to switch all or part of their Shares from one Class of Shares of a Sub-Fund into other Classes of Shares of another Sub-Fund of the Company.

The Company reserves the right to reject any switch application in whole or in part.

A switch request will be executed on the next Dealing Day of the Sub-Fund a shareholder converts from which is also a Dealing Day of the Sub-Fund a shareholder converts to, except for Sub-Funds with specific dealing cut-off times where the switch request will be executed in accordance with the dealing cut-off times detailed in the respective Sub-Fund Supplement. For example, if a shareholder switches from a Sub-Fund that deals daily into a Sub-Fund that deals twice a month, the redemption will be processed so that the shareholder remain invested in the Sub-Fund they switch from as long as possible and the switch request will only be executed to match the next Dealing Day of the Sub-Fund the shareholder switch to.

If compliance with switch instructions would result in a residual holding in any Class to fall below the minimum holding of that Class, the Management Company may compulsorily redeem the residual Shares at the redemption price applicable on the day on which switch requests will be processed and make payment of the proceeds to the shareholder.

Shareholders in Capital-Accumulation Shares can switch their holding to Distribution Shares in other Sub-Funds and vice versa. Shareholders in Portfolio Currency Hedged Share Classes or Base Currency Hedged Share Classes can switch their holding to unhedged Share Classes other Sub-Funds and vice versa.

A switch charge of up to 1% of the value of the Shares which are being converted may be payable to the relevant distributor.

When a currency conversion is required because the Net Asset Values per Share of the switched shares are denominated in different currencies, the currency conversion rate of Dealing Day applies.

For Shareholders in the Company who invest initially in Share Classes where no or a low sales charge is usually payable and subsequently switch into Share Classes of the same or different Sub-Funds with higher sales charges, such switches may be subject to the sales charge, applied at the Distributors' or sub-distributors' discretion, which is normally payable on direct investments into such Share Classes.

Fractions of registered shares are issued at the time at which the switch is effected, to three decimal points.

◆ Deferral of Switch

If the Company or the Management Company determines that it would be detrimental to the existing Shareholders of a Sub-Fund to accept a switch application for Shares to exit the relevant Sub-Fund for another Sub-Fund, the Company or the Management Company may decide to defer that all or part of such applications for Shares in accordance with the relevant

deferral provisions described under the heading "**Gating and Partial Deferral of Redemption**" in **Section 1.10. "Liquidity Management Tools"**.

1.5 How to switch into other funds managed by the Management Company

Unless otherwise provided in the respective Sub-Fund Supplement, Shareholders are entitled to switch all or part of their Shares of from one Class of Shares of a Sub-Fund into other classes of shares of sub-funds of HSBC Global Investment Funds and HSBC Global Funds II ICAV, provided that Shareholders meet the eligibility criteria for the share class into which they are switching into and in compliance with local regulations.

A switch is a request for the redemption of Shares in one Class of Shares of a Sub-Fund followed by a request for the subscription of shares in a class of shares of a sub-fund of HSBC Global Investment Funds, HSBC Global Funds ICAV or HSBC Global Funds II ICAV

The Registrar and Transfer Agent will process the switch on the basis of the procedure outlined in section 1.4 above as well as on the basis of the relevant prospectus of HSBC Global Investment Funds, HSBC Global Funds ICAV and HSBC Global Funds II ICAV.

For further information please visit www.assetmanagement.hsbc.co.uk

1.6 How to Convert Between Share Classes

◆ Application

Unless otherwise provided in the respective Sub-Fund Supplement, Shareholders are entitled to convert all or part of their Shares from one Class of Shares of a Sub-Fund into other Classes of Shares of that Sub-Fund or Classes of Shares of other Sub-Funds, provided that Shareholders meet the eligibility criteria for the Class of Shares into which they are converting, as detailed in **Section 1.1 "Investing in the Sub-Funds"**.

The Company reserves the right to reject any conversion application in whole or in part.

Applications received by the Registrar and Transfer Agent before the dealing cut-off time will be dealt on that Dealing Day.

Applications received by the Registrar and Transfer Agent after the dealing cut-off time will be dealt on the next Dealing Day.

A conversion request will be executed on the next Dealing Day of the Sub-Fund a shareholder converts from which is also a Dealing Day of the Sub-Fund a shareholder converts to, except for Sub-Funds with specific dealing cut-off times where the conversion request will be executed in accordance with the dealing cut-off times detailed in the respective Sub-Fund Supplement. For example, if shareholders convert from a Sub-Fund that deals daily into a Sub-Fund that deals twice a month, the redemption will be processed so that the shareholders remain invested in the Sub-Fund they convert from as long as

possible and the conversion request will only be executed to match the next Dealing Day of the Sub-Fund the shareholders convert to.

If compliance with conversion instructions would result in a residual holding in any Class to fall below the minimum holding of that Class, the Management Company may compulsorily redeem the residual Shares at the redemption price applicable on the day on which conversion requests will be processed and make payment of the proceeds to the shareholder.

Shareholders in Capital-Accumulation Shares can convert their holding to Distribution Shares in the same or other Sub-Funds and vice versa. Shareholders in Portfolio Currency Hedged Share Classes or Base Currency Hedged Share Classes can convert their holding to unhedged Share Classes in the same or other Sub-Funds and vice versa.

A conversion charge of up to 1% of the value of the Shares which are being converted may be payable to the relevant distributor.

When a currency conversion is required because the Net Asset Values per Share of the converted shares are denominated in different currencies, the currency conversion rate of Dealing Day applies.

For Shareholders in the Company who invest initially in Share Classes where no or a low sales charge is usually payable and subsequently switch into Share Classes of the same or different Sub-Funds with higher sales charges, such conversions may be subject to the sales charge, applied at the Distributors' or sub-distributors' discretion, which is normally payable on direct investments into such Share Classes.

Fractions of registered shares are issued on conversion to three decimal points.

◆ Deferral of Conversion

If the Company or the Management Company determines that it would be detrimental to the existing Shareholders of a Sub-Fund to accept a conversion application for Shares to exit the relevant Sub-Fund for another Sub-Fund, the Company or the Management Company may decide to defer that all or part of such applications for Shares in accordance with the relevant deferral provisions described under the heading "**Gating and Partial Deferral of Redemption**" in **Section 1.10. "Liquidity Management Tools"**.

1.7 How to Transfer Shares

The transfer of Shares shall be effected by inscription in the register of Shareholders of the transfer to be made by the Registrar and Transfer Agent upon delivery to the relevant distributor, sales agent or the Management Company of the certificate(s) (if any) representing such shares along with an instrument of transfer in appropriate form. Upon receipt of the transfer request, and after reviewing the latter, the Management Company may request signature(s) to be certified

by an approved bank, stockbroker or public notary and AML compliance checks.

The right to transfer Shares is subject to the minimum investment and holding requirements as detailed in the respective Sub-Fund Supplement.

Restrictions on subscriptions of Shares also apply to the transfer of Shares (please see the **Section "Important Information"**).

Shareholders are advised to contact the relevant Distributor, sales agent or the Management Company prior to requesting a transfer to ensure that they have the correct documentation for the transaction.

1.8 General Order Information

◆ Handling of Late Orders

Orders received by the Registrar and Transfer Agent after the cut-off times or on non-Dealing Days (as stipulated in the respective Sub-Fund Supplement) or with missing or outstanding documentation will be handled as follows:

Order Received	Applicable Dealing Day
After cut-off	Next Dealing Day
Non-Dealing Day	Next Dealing Day
Missing documentation	Next Dealing Day following receipt of documentation

Shareholders should normally allow up to three Business Days before further converting/switching or redeeming their Share after purchase or subscription.

Investors and Shareholders dealing through the Distributors or sub-distributors (including those offering nominee services) shall be entitled to deal until the above dealing cut-off times. The Distributors, sub-distributors and nominees shall transmit the amalgamated orders to the Company within a reasonable timeframe as agreed from time to time with the Management Company.

◆ Contract Notes

Contract Notes are sent by post or faxed to Shareholders as soon as practicable after the transaction has been effected.

◆ Compliance with International Sanctions Regimes

The Company is required to comply with all applicable Sanctions Laws (as set out below). In order to ensure such compliance, it has adopted HSBC Group's Global Sanctions Policy. In accordance with that policy, the Registrar and Transfer Agent shall screen all subscribers of Shares and all known beneficial owners of subscribed funds against the Specially Designated Nationals ("**SDN**") list maintained by the Office of Foreign Asset Control of the US Department of the Treasury, the Consolidated List maintained by the European Union and the list maintained by the Hong Kong Monetary Authority.

In the event of a potential match, the Registrar and Transfer Agent may request an existing investor or new applicant to provide further information needed to assess whether that person is the person flagged in the screening. If they are, the Company may decide that the existing investor's investment shall be redeemed or if a new applicant, that their application will be refused. In the event of an unreasonable delay in providing or failure to provide such information, that existing investor's holding will be redeemed or refused.

To the extent that the Company's performance of any obligations set out in this Prospectus is or becomes prohibited by an applicable Sanctions Law, the Company shall not be obliged to perform the relevant obligation, including honouring redemption requests.

Sanctions Laws include but are not limited to:

- ◆ any EU Regulation adopted under Article 215 of the Treaty on the Functioning of the European Union, and any legal act adopted by a Member State of the European Union to implement, establish penalties in relation to or otherwise give full effect to such a Regulation;
- ◆ any sanctions resolution passed pursuant to Chapter VII of the United Nations Charter by the United Nations Security Council, and any trade, financial or economic sanctions law or embargo giving legal effect to such a sanctions resolution; and
- ◆ any other trade, financial or economic sanctions law or regulation made by a relevant authority of the United States of America, the United Kingdom, the European Union, the Hong Kong Monetary Authority or other applicable government, including US secondary sanctions.

1.9 Suspension of Dealing or Valuations

The Management Company, on behalf of the Company and having regard to the best interest of the Shareholders of the Class/Sub-Fund, may suspend the calculation of the Net Asset Value per Share relating to any Class/Sub-Funds and/or the issue, allocation, conversion, redemption and repurchase of Shares relating to any Sub-Fund as well as the right to convert Shares relating to a Class of one Sub-Fund into Shares of another Sub-Fund (or to a Class of that Sub-Fund) (as per **Section 1.6. "How to Convert Between Share Classes"**):

- ◆ during any period when any market(s) or stock exchange(s), which is the principal market(s) or stock exchange(s) on which a material part of the investments (e.g. 20% or above) of the relevant Sub-Fund for the time being are quoted, is closed, or during which dealings are substantially restricted or suspended;
- ◆ during the existence of any state of affairs which constitutes an emergency as a result of which disposal of investments of the relevant Sub-Fund by the Company is not possible;
- ◆ during any breakdown in the means of communication normally employed in determining the price of any of the

relevant Sub-Fund's investments or the current prices on any market or stock exchange;

- ◆ during any period when remittance of monies which will or may be involved in the realisation of, or in the repayment for any of the relevant Sub-Fund's investments is not possible;
- ◆ if the Company or any Sub-Fund or Class is being or may be wound up on, or following the date on which notice is given (i) of the general meeting of Shareholders at which a resolution to wind up the Company or the Sub-Fund or Class is to be proposed or (ii) to wind-up the Company or Sub-Fund or Class if such decision is taken by the Board of Directors;
- ◆ during any period when in the opinion of the Board of Directors there exist circumstances outside the control of the Company where it would be impracticable or unfair towards the Shareholders to continue dealing in Shares of any Sub-Fund of the Company;
- ◆ during any period when the determination of the net asset value per share of underlying investment funds representing a material part of the assets of the relevant Sub-Fund is suspended;
- ◆ during any period when the publication of a benchmark, underlying of a financial derivative instrument representing a material part of the assets of the relevant Sub-Fund is suspended;
- ◆ in the case of a merger, if the Board of Directors deems this to be justified for the protection of the Shareholders;
- ◆ during any other circumstance or circumstances where a failure to do so might result in the Company or its Shareholders incurring any liability to taxation or suffering other pecuniary disadvantages or other detriment which the Company or its Shareholders might not otherwise have suffered;
- ◆ for any other reason the prices of the investments held or contracted for the account of that Sub-Fund cannot, in the opinion of the Board of Directors, reasonably, promptly or fairly be ascertained; or
- ◆ during the suspension of the issue, allocation and redemption of shares of, or the right to convert shares of, or the calculation of the net asset value of a fund qualifying as master UCITS in accordance with the applicable Luxembourg laws and regulations in which the relevant Sub-Fund invests.

The Company may cease the issue, allocation, conversion, redemption and repurchase of the Shares forthwith upon the occurrence of an event causing it to enter into liquidation or upon the order of the CSSF.

In accordance with the 2010 Law, the issue and redemption of Shares shall be prohibited:

- (i) during the period where the Company has no Depositary Bank; and
- (ii) where the Depositary Bank is put into liquidation or declared bankrupt or seeks an arrangement with the creditors, a suspension of payment or a controlled management or is the subject of similar proceedings.

Shareholders who have requested conversion, redemption or repurchase of their Shares will be promptly notified in writing of any such suspension and termination thereof.

Conversion, redemption and repurchase requests shall be revocable by the shareholder in the event of a suspension of the calculation of the net asset value.

1.10 Liquidity Management Tools

When investors buy or sell shares in a Sub-Fund, the Investment Adviser may need to buy or sell the underlying investments within the Sub-Fund. Without an anti-dilution mechanism to take account of these transactions, all Shareholders in the Sub-Fund would pay the associated costs of buying and selling these underlying investments. These transaction costs can include, but are not limited to, bid-offer spreads, brokerage and taxes on transactions.

There are two anti-dilution mechanisms available to each Sub-Fund, a pricing adjustment and an anti-dilution levy, both mechanisms aim to protect Shareholders in a Sub-Fund.

Details of which anti-dilution mechanism is in operation on a particular Sub-Fund can be obtained from the Management Company.

Should the Company decide to change the anti-dilution mechanism in operation for a particular Sub-Fund (i.e. from a pricing adjustment to an anti-dilution levy or vice versa), prior approval will be sought from relevant regulators (where required) and affected investors will receive at least one month's prior written notification.

◆ Swing Pricing

Swing Pricing aims to mitigate the effect of transactions costs on the Net Asset Value per Shares of a Sub-Fund incurred by significant net subscriptions or redemptions.

The Swing Pricing mechanism has three main components:

- 1) A threshold rate
- 2) A buy adjustment rate
- 3) A sell adjustment rate

These components may be different for each Sub-Fund.

The Company uses a partial Swing Pricing Adjustment which means that the Swing Pricing mechanism is triggered when the difference between subscriptions and redemptions, as a percentage of the Sub-Fund's Net Asset Value, exceeds the threshold on any particular Dealing Day. The Net Asset Value of the Sub-Fund will be adjusted up or down using the adjustment rates (buy adjustment rate for net subscriptions or sell adjustment rate for net redemptions).

The adjustment of the Net Asset Value per Share will apply equally to each Class of Share in a specific Sub-Fund on any particular Dealing Day. The Swing Pricing adjustment is applied to the capital activity at the level of a Sub-Fund and does

therefore not address the specific circumstances of each individual investor transaction.

If it is in the interests of Shareholders, when the net capital inflows or outflows in a Sub-Fund exceeds a predefined threshold agreed from time to time by the Board of Directors, the Net Asset Value per Share may be adjusted in order to mitigate the effects of transaction costs. Under normal market conditions, this adjustment will not exceed 2%. However, it may be significantly higher during exceptional market conditions such as periods of high volatility, reduced asset liquidity and market stress. The current adjustment rates for each Sub-Fund are available on HSBC Global Asset Management's website in the Fund Centre at <http://www.assetmanagement.hsbc.com/fundinfo>

The Management Company mandates authority to the respective Pricing/Valuation committee to implement and maintain an oversight process of the swing pricing mechanism on a periodic basis. This committee provides recommendations to the Management Company for decisions relating to Swing Pricing and the ongoing review and approval of swing factors following an assessment of the input provided by the relevant investment management team in charge.

Where net capital inflows or outflows in the Sub-Funds exceed a predefined threshold, the adjustment rate may also factor in the potential portfolio yield dilution as a result of the Investment Adviser being required to sell or buy underlying investments to meet the redemption or subscription requests.

Until the threshold rate is triggered, no Swing Pricing is applied and the transaction costs will be borne by the Sub-Fund. This will result in a dilution (reduction in the Net Asset Value per Share) to existing Shareholders.

For the avoidance of doubt, it is clarified that fees other than the sales charge will continue to be calculated on the basis of the unadjusted Net Asset Value.

◆ Anti-Dilution Levy

The anti-dilution levy aims to mitigate the effect of transactions costs on the Net Asset Value of a Sub-Fund incurred by net subscriptions or redemptions.

The anti-dilution levy has three main components:

- 1) A threshold rate
- 2) A buy rate
- 3) A sell rate

These components may be different for each Sub-Fund.

The anti-dilution levy is triggered when the difference between subscriptions and redemptions, as a percentage of the Sub-Fund's Net Asset Value, exceeds the threshold on any particular Dealing Day. In the case of net capital inflows, the anti-dilution levy will be deducted from each subscription amount and accordingly reduce the number of Shares received by an

investor or, in the case of net capital outflows, will be deducted from each redemption amount and accordingly reduce the redemption proceeds received by an investor.

The amount of the anti-dilution levy may be reduced or waived at the discretion of the Board of Directors.

The anti-dilution levy may be up to a maximum of 2% in order to mitigate the effects of transaction costs. When applied to Sub-Funds with a fixed distribution yield or stated target yield, the adjustment rate may also factor in the potential portfolio yield dilution.

Until the threshold rate is triggered, no anti-dilution levy is applied and the transaction costs will be borne by the Sub-Fund. This will result in a dilution (reduction in the Net Asset Value per Share) to existing Shareholders.

Investors should note that sub-distributors may levy the sales charge (if any) on an investor's full subscription and may not take into account the application of an anti-dilution levy.

◆ Gating and Partial Deferral of Redemption

In order to ensure that Shareholders who remain invested in the Company are not disadvantaged by the reduction of the liquidity of the Company's portfolio as a result of significant redemption applications received over a limited period, the Company or the Management Company may apply the procedures set out below in order to permit the orderly disposal of securities to meet redemptions.

The Company or the Management Company, having regard to the fair and equal treatment of Shareholders, on receiving requests to redeem Shares amounting to 10% of the net redemptions orders or more of the net asset value of any Sub-Fund:

- shall not be bound to redeem on any Dealing Day a number of Shares representing more than 10% of the net asset value of any Sub-Fund. If the Company receives requests on any Dealing Day for redemption of a greater number of Shares, it or the Management Company may declare that such redemptions exceeding the 10% limit may be deferred until next Dealing Days. On such Dealing Days such requests for redemption will be complied with in priority to later requests.
- may elect to sell assets representing, as nearly as practicable, the same proportion of the Sub-Fund's assets as the Shares for which redemption requests have been received. If the Company or the Management Company exercises this option, the amount due to the shareholders who have applied to have their Shares redeemed will be based on the Net Asset Value per Share, calculated after such sale or disposal. Payment will be made forthwith upon completion of the sales and the receipt by the Company of the proceeds of sale in freely convertible

currency. Receipt of the sale proceeds by the Company may however be delayed and the amount ultimately received may not necessarily reflect the Net Asset Value per Share calculation made at the time of the relevant transactions because of possible fluctuations in the currency values and difficulties in repatriating funds from certain jurisdictions (See **Section 2. "Risk Considerations"**).

Payment of redemption proceeds may be delayed if (i) there are any specific statutory provisions such as, but not limited to, foreign exchange restrictions, or any circumstances beyond the Company's control which make it impossible to transfer the redemption proceeds to the country where the redemption was requested or (ii) to the shareholder requesting redemption (due, for example, to such shareholder(s) non-compliance with anti-money laundering or KYC checks).

1.11 Pricing and Valuation

◆ Valuation

Unless otherwise provided in **Appendix I. "Sub-Fund Supplements"** in relation to a specific Sub-Fund, the Net Asset Values per Share are calculated on each Dealing Day on the basis of the net asset value of the relevant Class of Shares of the relevant Sub-Fund in their Reference Currencies.

In certain circumstances set out in **Section 1.9. "Suspension of Dealing or Valuations"**, the Net Asset Value per Share determinations may be suspended and during any such period of suspension, no Shares relating to the Sub-Fund to which the suspension applies may be issued or allocated (other than those already allotted), converted, redeemed or repurchased. Full details of the Net Asset Value per Share calculations are set out below.

◆ Pricing Adjustment

The Net Asset Value of a Sub-Fund may be adjusted up or down using the pricing adjustment rates.

Further information on the pricing adjustment is set out in **Section 1.10. "Liquidity Management Tools"**.

◆ Offer Price

The offer price for Shares of each Class is based on the Net Asset Value per Share of the relevant Class, adjusted by the Pricing Adjustment (as described in **Section 1.10. "Liquidity Management Tools"**) if applicable, and includes a sales charge of up to 5.00% of the Net Asset Value per Share or, if applicable, of the adjusted Net Asset Value (the "**Offer Price**"). Offer Prices are quoted to three decimal places.

◆ Redemption Price

The redemption price of a Share Class is equal to the Net Asset Value per Share of the Class, adjusted by the Pricing Adjustment (as described in **Section 1.10. "Liquidity Management Tools"**) if applicable, on which the application for redemption has been

received by the Registrar and Transfer Agent or the Distributors (the "Redemption Price").

Redemption Prices are quoted to three decimal places.

◆ Publication of prices

The Offer and Redemption Prices of all Sub-Funds and Share Classes can be found at www.assetmanagement.hsbc.co.uk, at the registered office of the Company and at the offices of the Management Company or appointed Distributors.

The Company will arrange for the publication of the Offer and Redemption Prices of all Sub-Funds and Share Classes as required under applicable laws and in such newspapers as the Board of Directors may decide from time to time. The Company, the Management Company and the Distributors cannot accept any responsibility for any error or delay in publication or for the non-publication of prices.

◆ Net Asset Value Calculation Principles

The valuation principles of the assets of the Company detailed in article 22 of the Articles of Incorporation are summarised below:

- 1) The assets of each Class within each Sub-Fund are valued on each Dealing Day (unless otherwise provided in the respective Sub-Fund Supplement).
- 2) If after such valuation there has been a material change in the quoted prices on the markets on which a substantial portion of the investments of the Company attributable to a particular Sub-Fund is dealt or quoted the Company may, in order to safeguard the interests of the Shareholders and the Company, cancel the first valuation and carry out a second valuation. In the case of such a second valuation, all issues, conversions, redemptions or repurchases of Shares dealt with by the Sub-Fund on such a Dealing Day must be made in accordance with this second valuation.
- 3) The Net Asset Value per Share of each Class within each Sub-Fund is determined by aggregating the value of securities and other permitted assets of the Company allocated to that Class and deducting the liabilities of the Company allocated to that Class. The Net Asset Value per Share of each Class is determined by dividing the net asset value of the Class concerned by the number of Shares of that Class outstanding and by rounding the resulting amount up or down to three decimal points. Any rounding will be borne by or credited to the relevant Class of Shares.
- 4) Securities and/or financial derivative instruments which are listed on an official stock exchange are valued at the last available price on the principal market on which such securities are traded. Securities traded on other regulated markets are valued at the last available price or yield equivalents obtained from one or more dealers in such regulated markets at the time of valuation. If such prices are not representative of their fair value, all such securities and all other permitted assets will be valued at their fair

value at which it is expected they may be resold as determined in good faith by or under the direction of the Board of Directors.

- 5) Shares or units in another undertaking for collective investment will be valued at the last available net asset value computed for such securities reduced by any applicable charges. If the last available net asset value of shares or units in another undertaking for collective investment is not available as at the evaluation time for a specific Sub-Fund the relevant Investment Adviser will value such shares or units by an estimation carried out in accordance with the fair value adjustment methodology, the result of which will be provided to the Administration Agent.
- 6) The financial derivative instruments which are not listed on any official stock exchange or traded on any other organised market will be valued in a reliable and verifiable manner on a daily basis, in accordance with market practice.
- 7) Any asset or liabilities expressed in terms of currencies other than the relevant currency of the Sub-Fund or Class concerned are translated into such currency at the prevailing market rates as obtained from one or more banks or dealers.

The consolidated accounts of the Company for the purpose of its financial reports shall be expressed in US Dollars.

◆ Fair Value Adjustments

The securities of Sub-Funds investing in non-European markets are usually valued on the basis of the last available price at the time when the Net Asset Value per Share is calculated. The time difference between the close of the markets a Sub-Fund invests in and the point of valuation can be significant.

Where the Management Company believes that a significant event has occurred between the close of the markets in which a Sub-Fund invests and the calculation of the Net Asset Value per Share, and that such event will materially affect the value of that Sub-Fund's portfolio or if the Management Company considers that even in the absence of a significant event the prices determined in accordance with the valuation principles above are no longer representative because for example of market volatility it may cause the Administration Agent to adjust the Net Asset Value per Share so as to reflect what is believed to be the fair value of the portfolio as at that point of valuation.

Where an adjustment is made as per the foregoing, it will be applied consistently to all Classes of Shares in the same Sub-Fund.

1.12 Distribution Policy

Each of the Share Classes may be made available as, Pay-Out, Capital-Accumulation and/or as Distribution Shares, as

previously defined under the Section "Share Class Designations".

◆ **Distribution Shares**

Distribution Shares may be offered with the following distribution declaration/payment frequencies and are identifiable as follows:

	Annual (at least)	Semi-Annual	Bi-Monthly (every two months)	Quarterly	Monthly
Distribution Shares (letter following the Sub-Fund and Class names)	D	S	B	Q	M
Example for Class A	AD	AS	AB	AQ	AM

In addition to the different distribution frequencies, Distribution Shares may be offered with the following distribution calculation methodologies.

Investors should be aware of the following for Share Class Identifiers 1, 2 and 3:

- The declaration of distributions may be made out of income and/or capital gains and/or capital. Distributions may therefore impact their tax position and accordingly investors are encouraged to seek appropriate tax advice in relation to investment in the different distribution Share Classes.
- The declaration of distributions out of capital may exceed the gains of the share class and this could result in an erosion of an investor's initial investment.
- The declaration of distributions out of capital will normally continue during periods of negative performance of a Sub-Fund, resulting in a more rapid fall in the value of a Share Class than would occur if distributions were not being paid.

Share Class Identifier Calculation Methodology

The usual method for calculating distributions is described below. The Board of Directors may decide, at its discretion, to change or amend any of the calculation methodologies at any time.

Class AD	It is intended that substantially all investment income (net of fees and expenses ¹ and net of withholding taxes) attributable to such Share Class will be declared as a distribution.
Class AS	
Class AQ	
Class AB	
Class AM	

Share Class Identifier Calculation Methodology

The usual method for calculating distributions is described below. The Board of Directors may decide, at its discretion, to change or amend any of the calculation methodologies at any time.

Class AD1	It is intended that substantially all investment income (gross of fees and expenses ¹ and net of withholding taxes) attributable to such Share Class will be declared as a distribution.
Class AS1	
Class AQ1	
Class AB1	
Class AM1	

Class AD2	It is intended that the Share Class will declare a distribution based upon the estimated annualised yield of the relevant Sub-Fund's underlying portfolio which is attributable to the Share Class.
Class AS2	
Class AQ2	
Class AB2	
Class AM2	

The Management Company will review the estimated annualised yield at least semi-annually. However, the Management Company may decide, at its discretion, to make adjustments to the distribution rate at any time to reflect changes in the estimated annualised yield of the Sub-Fund's portfolio.

Investors should be aware that this distribution policy may pay out distributions gross of fees and expenses¹ and may pay out distributions gross of withholding taxes. The estimate of a Sub-Fund's underlying portfolio yield will not necessarily equal the income received by the Share Class and may result in distribution of both realised and unrealised capital gains, if any, and capital attributable to such Shares. Distribution of capital represents a withdrawal of part of an investor's original investment.

Such distributions may result in a reduction of the NAV per Share over time and the NAV per Share may

Share Class Identifier	Calculation Methodology	Share Class Identifier	Calculation Methodology
For illustrative purposes, each of the possible distribution frequencies is shown below on Class A Shares.	The usual method for calculating distributions is described below. The Board of Directors may decide, at its discretion, to change or amend any of the calculation methodologies at any time.	For illustrative purposes, each of the possible distribution frequencies is shown below on Class A Shares.	The usual method for calculating distributions is described below. The Board of Directors may decide, at its discretion, to change or amend any of the calculation methodologies at any time.
	fluctuate more than other Share Classes.		capital attributable to such Shares. Consequently, the NAV per share may be eroded and it may also reduce the potential for future appreciation in the NAV per share. Distribution of capital represents a withdrawal of part of an investor's original investment.
For illustrative purposes, the share classes below are Euro Currency Hedged Classes:	This type of Share Class will only be offered on Sub-Funds which offer Portfolio Currency Hedged Share Classes or Base Currency Hedged Share Classes. Please refer to the sub-section "Currency Hedged Share Classes" of Section 1.1 "Investing in the Sub-Funds" of this Prospectus for more information.		Such distributions may result in a reduction of the NAV per share over time and the NAV per share may fluctuate more than other Share Classes.
Class AD3HEUR	It is intended that the Share Class will declare a distribution based upon: (i) the estimated annualised yield of the relevant Sub-Fund's underlying portfolio which is attributable to the Share Class and (ii) an estimate of the interest rate carry (which could be positive or negative) and which is based upon the interest rate differential between the Sub-Fund's Base Currency and the Reference Currency of the Currency Hedged Share Class. A negative interest rate differential will result in a reduction of the distribution payment and may result in no distributions being paid.		This type of Share Class is only intended for investors whose Home Currency is the same as the Reference Currency of the Currency Hedged Share Class.
Class AS3HEUR			These Share Classes are available through certain Distributors selected by the Global Distributor and may only be available to certain investors who meet eligibility criteria as decided by the Management Company.
Class AQ3HEUR			
Class AB3HEUR			
Class AM3HEUR			
	The Management Company will review the estimated annualised yield at least semi-annually. However, the Management Company may decide, at its discretion, to make adjustments to the distribution rate at any time to reflect changes in the estimated annualised yield of the Sub-Fund's portfolio.		
	Investors should be aware that this distribution policy may pay out distributions gross of fees and expenses ¹ and may pay out distributions gross of withholding taxes. The estimate of Sub-Fund's underlying portfolio yield will not necessarily equal income received by the Share Class and the estimate of the interest rate carry does not represent income received by the Share Class. Therefore, this may result in distribution of capital gains, if any, and could result in distribution of		
		1 "Fees and expenses" refers to: Management Fees, Operating, Administrative and Servicing Expenses and the Operating Share Class Currency Hedging Fee, if applicable, as further described in Section 1.13. "Charges and Expenses" .	
		◆ Income Equalisation	
		The Company operates income equalisation arrangements for all Distribution Share Classes and aims to mitigate the effects of subscriptions, redemptions and conversions of a Share Class during the financial year on the level of accrued income. The effect being that, if an investor subscribes during the accounting period, the subsequent distribution will include a portion representing a return of capital on the original investment.	
		◆ Declaration and Announcement of Distributions	
		Distributions may be declared in respect of each Distribution Share Class of each Sub-Fund by a meeting of Shareholders of the Company at the end of each financial year. The Board of Directors may declare, at its discretion, interim distributions in respect of Monthly, Bi-Monthly, Quarterly and Semi-Annual Distribution Shares as described in the table above. Investors should however note that the Board of Directors may in its discretion decide not to declare distributions, and there is no guarantee of a regular declaration of distributions.	

Distributions may be announced in the countries where the Sub-Funds are registered according to regulations of those jurisdictions.

◆ Payment and Reinvestment of Distributions

Distributions will normally be paid in the Reference Currency of the Share Class.

Payment of distributions will normally be made within six weeks of such declaration to holders of Shares in the respective Sub-Funds/Share Class at the distribution record date.

Shareholders may, by written request to the Registrar and Transfer Agent or by completion of the relevant section of the Application Form, elect to have distributions relating to any Distribution Share Class of any Sub-Fund paid out to them. Otherwise distributions will be reinvested automatically in the acquisition of further Shares relating to that Sub-Fund as follows:

- 1) Such Shares will be purchased no later than on the next Dealing Day after the date of payment of the distribution;
- 2) Shares allocated as a result of such reinvestment will not be subject to any sales charge;
- 3) Fractions of registered Shares will be issued (as necessary) to three decimal points.

Regardless of the frequency of the distribution payment, any distribution declaration to a Shareholder that is below USD 50, Euro 50, JPY 5,000, GBP 30 or equivalent to USD 50 in any other Dealing Currency or Reference Currency will be automatically reinvested in accordance with the provisions set out above.

In respect of the Monthly/Quarterly and Semi-Annual Distribution Shares, the distribution will normally automatically be paid out on a monthly/quarterly and semi-annual basis, respectively.

◆ Pay-Out Shares

Pay-Out Shares may be offered as fixed pay-out Shares (the "Fixed Pay-Out Shares") and flexible pay-out Shares (the "Flexible Pay-Out Shares"). Each has a calculation methodology for calculating distributions (referred to as "pay-outs" for Pay-Out Shares).

Distributions which are composed of capital gains and/or capital may impact an investor's tax position and accordingly investors are encouraged to seek appropriate tax advice in relation to investment in the different Pay-Out Classes.

◆ Fixed Pay-Out Shares

The distribution rate on Fixed Pay-Out Shares may either be (i) based upon a pre-determined fixed percentage of the Net Asset Value per Share (or where a Pricing Adjustment has been applied, the adjusted Net Asset Value per Share) or (ii) set at a pre-determined fixed distribution rate per share with the aim of paying a fixed monetary amount. However, the Board of

Directors may decide, at its discretion, to make adjustments to the distribution rate at any time.

Investments in Fixed Pay-Out Shares are not an alternative to a savings account or a fixed interest paying investment. The pre-determined fixed percentage or rate does not reflect either the actual or expected income or performance of the relevant Sub-Fund.

Fixed Pay-Out Shares which are based upon a fixed percentage of the Net Asset Value per Share are expected to pay out capital gains and/or capital and may do so over a prolonged or indefinite period. Paying-out of capital represents a withdrawal of investors' initial investment. This may result in a substantial erosion of an investor's initial investment over the long term. Over the very long term an investor's initial investment may be nearly, or even completely, exhausted.

Fixed Pay-Out Shares do not pay a fixed monetary amount and the constant percentage of the distribution results in higher monetary distributions when the Net Asset Value per Share of the relevant Class is high, and a lower monetary distribution when the Net Asset Value per Share of the relevant class is low.

A distribution does not imply a positive return. Payments will continue even when a Sub-Fund has not earned income and experiences capital losses. This will result in a more rapid fall in the Net Asset Value per Share of the Share Class than would occur if fixed distributions were not being paid. Under normal circumstances, the rate is pre-determined and is not subject to the Board of Director's ongoing discretion.

In addition, distributions for Currency Hedged Share Classes may include the interest rate differential between the Sub-Fund's Base Currency and the Reference Currency of the Currency Hedged Share Class. A negative interest rate differential will result in a reduction of the distribution payment and may result in no distributions being paid. The estimate of the interest rate carry does not represent income received by the Share Class. Therefore, this may result in distribution out of capital gains, if any, and could result in distribution out of capital attributable to such Shares.

Fixed Pay-Out Shares may be offered with the same distribution declaration/payment frequencies as provided for above.

The following share Class identifiers will apply:

(i) an A class with a quarterly 5% (per annum) fixed percentage of the Net Asset Value per Share (or where a Pricing Adjustment has been applied, the adjusted Net Asset Value per Share) pay-out and denominated in EUR will have the following Share Class Identifier:

Class AQFIX5EUR

- "A" denotes Class A.
- "Q" identifies that the Class pays quarterly distributions.

- "FIX5" identifies that the Class pays a fixed 5% distribution per annum. The 5% will be spread equally over the number of distributions per year and the distribution payment will be calculated on the basis of the Net Asset Value per Share or adjusted Net Asset Value per Share.
- "EUR" identifies the class as EUR denominated.

(ii) an A class with a quarterly fixed distribution rate per share pay-out and denominated in EUR will have the following Share Class Identifier:

Class AQFIXAEUR

- "A" denotes Class A.
- "Q" identifies that the Class pays quarterly distributions.
- "FIXA" identifies that the Class pays a fixed distribution rate per share. The fixed distribution rate per share will be disclosed on www.assetmanagement.hsbc.com. Please select your investor type and then 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Sub-Fund.
- "EUR" identifies the class as EUR denominated.

Fixed Pay-Out Shares do not offer a mechanism for reinvestment of distributions.

◆ Flexible Pay-Out Shares

The distribution rate on Flexible Pay-Out Shares is based upon the Sub-Fund's long-term expected income and net capital gains (both realised and unrealised) (the "**Expected Return**") which is attributable to the Flexible Pay-Out Share Class. Distributions will be paid gross of fees and expenses and may be paid gross of taxes. The Expected Return will vary over time and consequently the distribution rate will be adjusted. The Board of Directors may decide, at its discretion, to make adjustments to the distribution rate at any time.

Flexible Pay-Out Shares deliberately pay out of net capital gains (both realised and unrealised). In addition, these Classes will pay out of capital (or effectively out of capital) to the extent that:

1. Fees and expenses and taxes are charged to capital;
2. Short-medium term market cycles result in performance temporarily falling short of the Expected Return (which is a long-term forecast). In this regard, where an investor's investment horizon is shorter than the Expected Return's time horizon, it may lead to them realising their investment during such a period. This would result in the return of their investment suffering from both (a) the return falling short of the Expected Return; and (b) erosion of capital due to both (i) and (ii); and

3. The actual long term performance is less than the Expected Return.

These Classes may pay out of capital over a prolonged or indefinite period. Paying-out of capital represents a withdrawal of investors' initial investment. This may result in a substantial erosion of an investor's initial investment over the long term. Over the very long term an investor's initial investment may be nearly, or even completely, exhausted.

A distribution does not imply a positive return. Payments will continue even when a Sub-Fund has not earned income and experiences capital losses. This will result in a more rapid fall in the Net Asset Value per Share of the Share Class than would occur if flexible distributions were not being paid.

In addition, distributions for Currency Hedged Share Classes may include the interest rate differential between the -Sub-Fund's Base Currency and the Reference Currency of the Currency Hedged Share Class. A negative interest rate differential will result in a reduction of the distribution payment and may result in no distributions being paid. The estimate of the interest rate carry does not represent income received by the Share Class. Therefore, this may result in distribution out of capital gains, if any, and could result in distribution out of capital attributable to such Shares.

Flexible Pay-Out Shares may be offered with the same pay-out declaration/payment frequencies as provided for above.

As an example: an A class with a flexible pay-out and EUR denominated will have the following Share Class Identifier:

Class AQFLXEUR

- "A" denotes Class A.
- "Q" identifies that the Class pays quarterly distributions.
- "FLX" identifies that the Class pays a distribution based upon the Expected Return.
- "EUR" identifies the Class as EUR denominated.

Flexible Pay-Out Shares do not offer a mechanism for reinvestment of distributions

1.13 Charges & Expenses

Charges and expenses apply to Sub-Funds and Share Classes where appropriate, for their investment management, distribution and for the operating services required.

There are three types of charge:

- 1) Sales charge
- 2) Ongoing charges
- 3) Other charges.

Investment in the Company is generally offered via charging structures, as represented by the various Share Class Designations.

◆ Sales Charge

A sales charge may be levied by and at the discretion of a Distributor or sub-distributor at the point of subscription in a Share Class.

The maximum sales charge is set out in the respective Sub-Fund Supplement and will be charged upon the Net Asset Value per Share (or, if applicable, upon the adjusted Net Asset Value per Share).

The Distributors and sub-distributors reserve the right to waive the whole or part of the sales charge on any application to buy Shares. The Management Company does not levy a sales charge.

◆ Ongoing Charges

Ongoing charges may be levied in respect of each Share Class. In payment of these fees, the Company will use interest income in the first instance and other income in the second instance. If the charges exceed the interest income and other income of that Share Class the excess will be taken from the capital of that Share Class.

The ongoing charges figure ("**OCF**") is defined as a percentage of the average net asset value of a Share Class over a specified year. The OCF is disclosed for each Share Class in the Key Investor Information Document which is available on www.assetmanagement.hsbc.com. Please select your investor type and then 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Sub-Fund.

Ongoing charges consist of:

A management fee

The Management Company is entitled to receive an annual management fee from the Company calculated as a percentage of the net asset value of each Sub-Fund or Share Class ("**Management Fee**"), except as otherwise provided hereinafter.

The Management Fee covers investment management, investment advisory and distribution services provided in relation to the relevant Sub-Fund of the Company by the Management Company, the Investment Advisers and the Distributors.

The Management Fee is accrued daily and payable monthly in arrears at the rates indicated in **Appendix I. "Sub-Fund Supplements"**.

The maximum Management Fee that may be charged are disclosed in **Appendix I. "Sub-Fund Supplements"** in relation to a specific Sub-Fund.

The Management Company is responsible for paying out of this fee, the fees of the Investment Advisers and the Distributors and may pay part of such fee to recognised intermediaries or

such other person as the Management Company may determine, at its discretion.

For all Sub-Funds, in certain circumstances, the Management Company may instruct the Company to pay a portion of the Management Fee directly out of the assets of the Company to any of such service providers or identified persons. In such case, the Management Fee payable to the Management Company is reduced accordingly.

Operating, administrative and servicing expenses

The Management Company is entitled to receive a fee from the Company to cover certain operating, administrative and servicing expenses which are incurred throughout the lifetime of the Company, its Sub-Funds or Share Classes.

The Management Company is responsible for paying out of this fee, the fees and expenses payable to the Depository Bank, the Administration Agent and the Registrar and Transfer Agent or any other appointed entity.

The following list is indicative but not exhaustive of the types of operating, administrative and servicing expenses cover:

- ◆ Management Company expenses
- ◆ Custody, depository and safekeeping charges
- ◆ Transfer, registrar and payment agency fees
- ◆ Administration, domiciliary and fund accounting services
- ◆ Legal expenses for advice on behalf of the Company
- ◆ Audit fees
- ◆ Registration fees
- ◆ Taxe d'abonnement – an annual subscription tax in Luxembourg
- ◆ Listing fees (if applicable)
- ◆ Company Directors' fees
- ◆ Documentation costs – preparing, printing, translating and distributing documents including, but not limited to, the Prospectus, Key Information Documents, annual reports, semi-annual reports and other offering documents necessary under local regulations made available directly or through intermediaries to its Shareholders in markets in which the Sub-Funds are registered for sale in compliance with local regulations.
- ◆ Formation expenses for current and new Sub-Funds including initial registration fees may be amortised over a period not exceeding 5 years from the formation date of the Sub-Fund.
- ◆ Costs associated with the collection, reporting and publication of data about the Company, its investments and Shareholders as required by laws and regulations from time to time

- ◆ Fees charged by third party vendors for publishing fund performance data
- ◆ Financial index licensing fees
- ◆ Any fees charged for Sub-Fund expense data analysis if specifically requested by the Company to be obtained from an independent third party
- ◆ Any industry association fees for the benefit of the Company
- ◆ ESG Labels
- ◆ VAT amount payable to Luxembourg Tax Authorities for invoices from fund providers from abroad whose services are subject to VAT in Luxembourg under reverse charge mechanism.

To preserve Shareholders from fluctuations in a Sub-Fund's operating, administrative and servicing expenses, the Company has agreed with the Management Company that the fee charged to cover operating, administrative and servicing expenses is normally set, for each Sub-Fund and/or Class, at a fixed annual percentage of the net asset value of the relevant Sub-Fund or Class as specified in **Appendix I. "Sub-Fund Supplements"**. The excess of such expenses above such annual percentage will be borne directly by the Management Company or its affiliates, and equally the Management Company or its affiliates may retain any surplus.

Exceptions to the fee structure above are described for each Sub-Fund and/or Class in the "**Fees and Expenses**" table in **Appendix I. "Sub-Fund Supplements"** which details those Share Classes where the Operating, Administrative and Servicing Expenses are paid on the basis of actual expenses up to a maximum rate of the net asset value per annum of the Share Class. In this case, the Company will pay the expenses directly and as such the ongoing charge for each Share Class will vary.

The expenses will be accrued daily and will be payable monthly in arrears. The accrual amount will be reviewed each quarter using the previous 12 months' expenses as an initial basis and amending when necessary.

The actual amount paid for operating, administrative and servicing expenses will be shown in the semi-annual and annual report of the Company.

No Operating, Administrative and Servicing Expenses will be charged to Class W Shares. All the fees and charges allocated to such Class of Shares will be paid directly by a member or an affiliated entity of the HSBC Group.

Operating Currency Hedged Share Class Fee

The Management Company is also entitled to receive a fee from the Company to cover the execution of the share class currency hedging policy.

The Management Company pays the operating currency share class hedging fee to the Administration Agent or other parties appointed to execute the currency hedging policy for the Portfolio Currency Hedged Share Classes and Base Currency Hedged Share Classes as defined in the section "**Currency Hedged Share Classes**" of **Section 1.1 "Investing in the Sub-Funds"**.

The rate for fees relating to the execution of the share class currency hedging policy is up to 0.025% per annum of the net asset value of the Portfolio Currency Hedged Share Class or Base Currency Hedged Share Class.

The operating share class currency hedging fee is payable in addition to the operating, administrative and servicing expenses mentioned in the section above.

The maximum rate for operating, administrative and servicing expenses and operating share class currency hedging fees together for Class A, B, E, I, J, L, M, N, P, R, S, X, Y, YP, Z and ZP Shares is 1.0%. However, the Board of Directors reserves the right to amend the levels of the above fees applicable to each Class of Shares.

In the event of an increase of such expenses, the Shareholders impacted by the change will be given at least one month's prior notice.

During any such notice period, Shareholders impacted by the change may request the redemption of their Shares, free of charge.

The Management Company may instruct the Company to pay a portion of the aforesaid fees directly out of the assets of the Company to any of the aforementioned service providers. In such case the fee due to the Management Company is reduced accordingly.

Costs of investing in other UCITS and/or other Eligible UCIs

These are the costs associated with holding units or shares of other UCITS and/or other Eligible UCIs – including their ongoing charges and any one-off costs (e.g. subscription and/or redemption fees). The payment of these will be taken in accordance with each specific UCITS and/or other Eligible UCI's payment schedule as articulated in their prospectus.

If the Company invests in shares or units of UCITS and/or other Eligible UCIs that are managed directly or indirectly by the Management Company itself or a company with which it is linked by way of common management or control or by way of a direct or indirect stake of more than 10% of the capital or votes, then there will be no duplication of management, subscription or repurchase fees between the Company and the UCITS and/or other Eligible UCIs into which the Company invests. In derogation of this, if the Company invests in shares of HSBC ETFs PLC or certain sub-funds of the HSBC Global Funds ICAV and/or HSBC Global Funds II ICAV then there may be duplication of management fees for any Sub-Funds. The maximum total management fees charged both to the relevant

Sub-Fund and to HSBC ETFs PLC and/or HSBC Global Funds ICAV and/or HSBC Global Funds II ICAV will be disclosed in the annual report of the Company.

If any Sub-Fund's investments in UCITS and other Eligible UCIs as described in the preceding paragraph constitute a substantial proportion of the Sub-Fund's assets, the total management fee (excluding any performance fee, if any) charged both to such Sub-Fund itself and the other UCITS and/or other Eligible UCIs concerned shall not exceed 2.5% of the relevant assets for HSBC Portfolios – World Selection 1, HSBC Portfolios – World Selection 2, HSBC Portfolios – World Selection 3, HSBC Portfolios – World Selection 4 and HSBC Portfolios – World Selection 5 and 3.00% of the relevant assets for HSBC Portfolios – Select Adventurous, HSBC Portfolios – Select Balanced, HSBC Portfolios – Select Cautious, HSBC Portfolios – Select Conservative, HSBC Portfolios – Select Dynamic and HSBC Portfolios – Select Flexible. The Company will endeavour to reduce duplication of management charges by negotiating rebates, where applicable, in favour of the Company.

The Company will indicate in its annual report the total management fees charged both to the relevant Sub-Fund and to the UCITS and other Eligible UCIs in which such Sub-Fund has invested during the relevant period.

◆ Other Charges

Other charges are the remaining charges incurred by the Company of the relevant Share Class/Sub-Funds. They are paid by the Company depending on the services rendered to the Share Class. Other charges are not included in the OCF in the Key Information Documents or in the operating, administrative and servicing expenses. Other charges consist of, but are not limited to, the following:

- 1) Duties, taxes and transaction costs associated with buying and selling the underlying assets of the Company
- 2) Brokerage fees and commissions*
- 3) Interest on borrowing and bank charges incurred in negotiating borrowing
- 4) Litigation expenses
- 5) Any extraordinary expenses or other unforeseen charges
- 6) Payments incurred for the holding of financial derivative instruments for the purposes of investment, efficient portfolio management and hedging. Hedging includes currency hedging for the underlying assets of the Sub-Fund or for the currency hedging of share classes denominated in a currency other than the base currency.

*All transactions are executed in compliance with applicable regulatory requirements and in accordance with the best execution policy of the Company. Transactions of the Company may be executed by the Management Company, Investment Adviser, or their Connected Persons. The Management Company, Investment Advisers and their Connected Persons

will not receive cash or other rebates from brokers or dealers but may enter into soft commission arrangements or commission sharing agreements for the provision of services which are of demonstrable benefit to the Company (e.g., research) as long as transactions generating such commission are made in good faith and in strict compliance with applicable laws and regulations.

Section 2. Risk Considerations

2.1 Risk Descriptions

Investment in any Sub-Fund carries with it a degree of risk, including, but not limited to, those referred to below. Potential investors should review the Prospectus in its entirety and the relevant Key Information Document and consult with their legal, tax and financial advisors prior to making a decision to invest.

There can be no assurance that the Sub-Funds of the Company will achieve their investment objectives and past performance should not be seen as a guide to future returns. An investment may also be affected by any changes in exchange control regulation, tax laws, withholding taxes and economic or monetary policies.

Specific risk considerations for each Sub-Fund are defined in individual Sub-Fund Supplements.

The following glossary of risks are listed in alphabetical order.

2.2 Risks Pertaining to the Company

◆ Custodial Risk

Assets of the Company are safe kept by the Depository Bank and Shareholders are exposed to the risk of the Depository Bank not being able to fully meet its obligation to reconstitute, in a short time frame, all of the assets of the Company in the case of bankruptcy. The assets of the Company will be identified in the Depository Bank's books as belonging to the Company. Securities held by the Depository Bank will be segregated from other assets of the Depository Bank which mitigates the risk of non-restitution in case of bankruptcy. Investors are hereby informed that cash may not be treated as segregated assets and might therefore not be segregated from the relevant Depository Bank's own assets in the event of the insolvency or the opening of bankruptcy, moratorium, liquidation or reorganisation proceedings of the Depository Bank.

◆ Cyber Security Risk

The use of the internet and other electronic media and technology exposes a Sub-Fund and the Company to potential risks from cyber-security attacks or incidents (collectively, "cyber-events"). Cyber-events may include, for example, unauthorised access to systems, networks or devices (such as, for example, through "hacking" activity), infection from computer viruses or other malicious software code, and attacks which shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. In addition to intentional cyber-events, unintentional cyber-events can occur, such as, for example, the inadvertent release of confidential information.

Any cyber-event could adversely impact a Sub-Fund and its Shareholders. A cyber-event may cause a Sub-Fund, or its service providers to lose proprietary information, suffer data

corruption, lose operational capacity (such as, for example, the loss of the ability to process transactions, calculate the Net Asset Value of a Sub-Fund or allow Shareholders to transact business) and/or fail to comply with applicable privacy and other laws. Among other potentially harmful effects, cyber-events also may result in theft, unauthorised monitoring and failures in the physical infrastructure or operating systems that support a Sub-Fund and its service providers. In addition, cyber-events affecting issuers in which a Sub-Fund invests could cause the Sub-Fund's investments to lose value.

◆ Directed Trading Risk

Institutional investors in the primary markets may request the execution of a transaction, including the sale or purchase of securities on their behalf, either as part of a subscription or a redemption, in accordance with specific terms. These terms may include the use of a particular broker, counterparty or market or other terms which are not in accordance with the standard terms on which the Investment Adviser executes transactions for the Company generally, having regard to its obligation to provide best execution. Where such a request is agreed, neither the Company, the Investment Adviser, the Management Company nor their agents will be liable for any loss, damage or delay caused by compliance with the terms agreed with an investor. This includes any delay in effecting, or failure to effect, a subscription or redemption caused by any omission, error, failed or delayed trade or settlement on the part of the investor or the designated broker or other counterparty. If the investor or the designated broker or other counterparty defaults on, or otherwise fails to complete, any part of the transaction, the investor will bear all associated risks and costs. In these circumstances the Company will have the right to amend the terms of the transaction (including the choice of broker) and the investor's subscription or redemption, to take into account this default and/or failure and in order to complete the transaction.

◆ Legal and Regulatory Risk

Legal and regulatory changes could adversely affect the Company. In addition, many governmental agencies, self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. In some jurisdictions the interpretation and implementation of laws and regulations, and the enforcement of a Shareholder's rights under these laws and regulations may involve significant uncertainties, may not be consistent with those of other nations and may vary from region to region. Furthermore, there may be differences in accounting and auditing standards, reporting practices and disclosure requirements to those generally accepted internationally. The information provided in this Prospectus is based upon the laws and regulations as at the date of the Prospectus but it is not exhaustive and does not constitute legal or tax advice. Laws and regulations of any country may change from time to time. In the case of certain financial derivative, there is also a risk that financial derivative transactions may be terminated, for example because of

bankruptcy, irregularity or changes in tax or accounting laws. In such circumstances, the Company may be required to cover all losses incurred.

In addition, certain transactions are concluded on the basis of complex legal documents. These documents may be difficult to enforce or may be subject to dispute as to their interpretation in certain circumstances. Although the rights and obligations of the parties to a legal document may, for example, be governed by Luxembourg law, in certain circumstances (such as insolvency proceedings), other legal systems may apply as a priority, and this can affect the enforceability of existing transactions.

◆ Sub-Fund Liability Risk

The Company is structured as an umbrella investment fund with segregated liability between its Sub-Funds. This means as far as Shareholders are concerned each Sub-Fund is treated as a separate entity. The assets of a Sub-Fund belong exclusively to that Sub-Fund and will not be used to settle the liabilities of any other person or body, or any other Sub-Fund of the Company. While this principle of segregation of assets and liabilities between the Sub-Funds exists, it may not be recognised across all jurisdictions. However, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not known whether foreign courts will recognise and give full effect to this segregation.

◆ Provisional Allotments Risk

As the Company may provisionally allot Shares to proposed investors prior to receipt of the requisite subscription, monies for those Shares the Company may suffer losses as a result of the non-payment of any subscription monies, including, for example, the administrative costs involved in updating the records of the Company to reflect Shares allotted provisionally which are not subsequently issued.

The Company will attempt to mitigate this risk by obtaining an indemnity from investors. However, there is no guarantee that the Company will be able to recover any relevant losses even where such indemnity exists.

2.3 General Investment Risks

◆ Concentration Risk

When a Sub-Fund invests in securities from a relatively small number of issuers (usually less than 25), a particular economic sector, market segment or geographical area or, for bond funds, a particular type of bond, its performance will be more strongly affected by any business, industry, economic, financial or market conditions affecting those issuers. This can result in both higher volatility and a greater risk of loss. By being less diversified, these Sub-Funds tend to be more volatile than broadly diversified Sub-Funds and may be exposed to higher risk since under performance of one or a few positions, sectors or geographical areas will have a greater impact on the Sub-Funds' assets

◆ Corporate Actions Risk

As a result of corporate actions of a company in which a Sub-Fund is invested, a Sub-Fund may be required, or have the option, to accept cash, underlying or newly issued securities which may not be part of its core investment universe or they may not be permitted at all. This includes, for example, a bond sub-fund accepting equities. In such circumstances, the security may not be permitted by the Sub-Fund's investment policy, in which case it may need to be sold, and there is a risk that the securities may have a value that is less than the original investment made by the Sub-Fund. In the event that the Sub-Fund's investment policy permits such securities to be held they may still have a value that is less than the original investment made by the Sub-Fund and the returns generated from those securities may not adequately compensate the Sub-Fund for the risks assumed.

◆ Counterparty and Trading Risks

Counterparty Risk to the Depository Bank and other Depositories:

The Company will be exposed to the credit risk of the Depository Bank or any other depository used by the Depository Bank in respect of cash or other assets held. Cash held by these parties will not be segregated in practice but will be a debt owing from the Depository Bank or other depositories to the Company. This means any cash will be co-mingled with cash belonging to other clients of the Depository Bank. In the event of the insolvency of the Depository Bank or other depositories, the Company will be treated as a general unsecured creditor in relation to the cash held. The Company may face difficulties and/or encounter delays in recovering any debt, or may not be able to recover it in full or at all. In these circumstances the Sub-Fund will lose some, or all, of its cash. The Company's securities are however maintained by the Depository Bank and its sub-custodians in segregated accounts and should be protected in the event of insolvency of the Depository Bank or its sub-custodians. The Company may enter into additional arrangements (for example placing cash in money market collective investment schemes) in order to mitigate credit exposure for its cash holdings.

To mitigate the Company's exposure to the Depository Bank, the Investment Adviser employs specific procedures to ensure that the Depository Bank is a reputable institution and that the credit risk is acceptable to the Company. If there is a change in Depository Bank then the new Depository Bank will be a regulated entity subject to prudential supervision with a high credit rating assigned by international credit rating agencies.

Liability of the Depository Bank and Responsibility of the Depository Bank for Sub-Custodians

The Depository Bank will be liable to the Company and its Shareholders for the loss by the Depository Bank, or one of its sub-custodians, of financial instruments of the Company held in custody. In the case of such a loss, the Depository Bank is

required to return a financial instrument of an identical type or the corresponding amount to the Company without undue delay. This is not required if the Depositary Bank can prove that the loss arose due to an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts. This standard of liability only applies to assets capable of being registered or held in a securities account in the name of the Depositary Bank or a sub-custodian and assets capable of being physically delivered to the Depositary Bank.

The Depositary Bank will also be liable to the Company and its Shareholders for any other losses they suffer as a result of the Depositary Bank's negligent or intentional failure to fully fulfil its obligations under the Regulations. In the absence of the Depositary Bank's negligent or intentional failure to properly fulfil its obligations under the Regulations, the Depositary Bank may not be liable to the Company or its Shareholders for the loss of an asset of a Sub-Fund which cannot be registered or held in a securities account in the name of the Depositary Bank or a sub-custodian or be physically delivered to the Depositary Bank.

The liability of the Depositary Bank is not affected where it has entrusted the custody of the Company's assets to a third party. In the event that custody is delegated to local entities that are not subject to effective prudential regulation, including minimum capital requirements, and supervision in the jurisdiction concerned, prior Shareholder notice will be provided advising of the risks involved. While the liability of the Depositary Bank is not affected where it has entrusted the custody of the Company's assets to a third party, in markets where custodial and/or settlement systems may not be fully developed, a Sub-Fund may be exposed to sub-custodial risk in respect of the loss of such assets in circumstances where the Depositary Bank may have no liability.

On-Exchange Trading

Where a counterparty to an on-exchange trade in the Sub-Fund's underlying securities suffers an insolvency event, an event in which a company or issuer has insufficient assets to discharge its' debts or liabilities, there are risks associated with the recognised investment exchanges and markets themselves. These include the risk that the relevant recognised investment exchange or market on which the trade is being conducted will not apply its rules fairly and consistently and that failed trades will be effected despite the insolvency of a counterparty. There is also a risk that a failed trade will be pooled with other failed trades, making it difficult to identify a failed trade to which the Sub-Fund has been a party. These events may have a negative impact on the value of the Sub-Fund.

◆ Cross-Class Liability Risk

Multiple Share Classes may be issued in relation to a Sub-Fund. These Share Classes may be denominated in various currencies introducing currency risk. Given that there is no legal segregation of liabilities between Share Classes, there may be a

risk that, under certain circumstances, currency hedging transactions in relation to a currency hedged Share Class could result in liabilities which might affect the Net Asset Value of the other Share Classes of the same Sub-Fund.

Where the liabilities of a particular Share Class exceed the assets of the relevant Share Class, creditors of one Share Class may have recourse to the assets attributable to other Share Classes. Although, for the purposes of internal accounting, a separate account will be established for each Share Class, in the event of an insolvency or termination of a Sub-Fund, all assets will be used to meet a Sub-Fund's liabilities, not just the amount standing to the credit of any individual Share Class. However, the assets of a Sub-Fund may not be used to satisfy the liabilities of another Sub-Fund.

◆ Dealing Day Risk

Foreign exchanges can be open on days which are not Dealing Days or days when a Sub-Fund may have suspended calculation of its NAV and the subscription and redemption of Shares. On non Dealing Days, Shares in the Sub-Fund are not priced however, the value of the securities in the Sub-Fund's portfolio may change while Shares are not able to be purchased or sold.

◆ Emerging Markets Risk

Emerging Markets are less established and often more volatile than developed markets and can involve higher risks, particularly market, liquidity and currency risks. This means that Sub-Funds investing in Emerging Markets will generally carry higher risks than those investment in Developed Markets. The main reasons for this higher risk include:

- Political, economic, or social instability.
- Economies that are heavily reliant on particular industries, commodities, or trading partners.
- Unfavourable changes in regulations and laws.
- Failure to enforce laws or regulations, or to recognise the rights of investors as understood in Developed Markets.
- Excessive fees, trading costs, taxation, or outright seizure of assets.
- Rules or practices that place outside investors at a disadvantage.
- Incomplete, misleading, or inaccurate information about securities and their issuers.
- Lack of uniform accounting, auditing and financial reporting standards.
- Manipulation of market prices by large investors.
- Arbitrary delays and market closures.
- Market infrastructure that is unable to handle peak trading volumes.

- Fraud, corruption and error

◆ Euro Currency Risk

The deterioration of the Sovereign Debt of several countries, together with the risk of contagion to other, more stable, countries, intensified the global economic crisis. There is a continued possibility that Eurozone countries could be subject to an increase in borrowing costs. This situation as well as the United Kingdom's withdrawal from the EU have raised a number of uncertainties regarding the stability and overall standing of the European Economic and Monetary Union. The departure or risk of departure from the Euro by one or more Eurozone countries could lead to the reintroduction of national currencies in one or more Eurozone countries or, in more extreme circumstances, the possible dissolution of the Euro entirely. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of a Sub-Fund's investments. Investors should carefully consider how any potential changes to the Eurozone and/or the EU may affect their investment in a Sub-Fund.

◆ Fees and Expenses

Whether or not a Sub-Fund is profitable, it is required to pay fees and expenses including organisation and offering expenses, brokerage commissions, management, administrative and operating expenses and depositary fees. A portion of these expenses may be offset by interest income.

◆ General Risk

The investments of the Company and of each of its Sub-Funds are subject to market fluctuations and other risks inherent in investing in securities or other instruments and there is no assurance that any appreciation in value of investments will occur. In particular, the value of investments may be affected by uncertainties such as international, political, economic and diplomatic developments (including sanctions, social instability, civil conflicts and war) or changes in government policies. Each of these factors could impact the value of investments in these markets, and they may be subject to greater volatility.

An investment in a Sub-Fund is neither insured nor guaranteed by any government, government agencies or instrumentalities or any bank guarantee Sub-Fund. Shares of a Sub-Fund are not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in Shares may fluctuate up and/or down.

An investment in a Sub-Fund involves certain investment risks, including the possible loss of principal and there is no assurance that any appreciation in the value of investments will occur or that the investment objective of a Sub-Fund will actually be achieved and results may vary substantially over time.

The Sub-Funds will be investing in assets selected by the Investment Adviser in accordance with the respective investment objectives and policies of the Sub-Fund. The value of investments and the income from them, and therefore the value of and income from Shares relating to each Sub-Fund, will

be closely linked to the performance of the assets the Sub-Fund invests in. A Sub-Fund's investment policy may carry considerable risks.

The Sub-Funds do not rely on any external support for guaranteeing the liquidity of the Sub-Fund or stabilising the Net Asset Value per Share. Shareholders of each Sub-Fund should not rely on or expect the Management Company or an affiliate to purchase distressed assets from any Sub-Fund, make capital infusions into any Sub-Fund, enter into capital support agreements with any Sub-Fund or take other actions to help any Sub-Fund maintain the principal value.

Past performance of a Sub-Fund should not be relied upon as an indicator of future performance. The value of Shares and the income from them may go down as well as up and, accordingly, an investor may not get back the full amount invested and an investment should only be made by Shareholders who can sustain a loss on their investment.

◆ Government or Central Bank Intervention

In response to a recession, economic slowdown or financial market instability, governments and regulators may choose to intervene by implementing severe measures and reforms, as seen in the 2007-2008 global financial crisis. There is a risk that any intervention may result in social unrest, limit future growth and economic recovery or have unintended consequences. Additionally, government and regulatory intervention has sometimes been unclear in scope and application, resulting in confusion and uncertainty which can also be detrimental to the efficient functioning of financial markets.

It is impossible to predict the effect of any temporary or permanent governmental restrictions that may be imposed on the markets and/or the effect of these restrictions on the European or global economy, on global securities markets, or on the Investment Adviser's ability to implement the Sub-Funds' investment objectives. Instability in the global financial markets or government intervention may increase the volatility of the Sub-Funds and hence the risk of loss to the value of your investment.

Sub-Funds which invest in the European bond market are directly exposed to intervention by the European Central Bank and governments of relevant European countries, particularly in relation to interest rates and the single European currency. For example, the value of the bonds held by a Sub-Fund is likely to decrease if interest rates are increased, and bond pricing complications could arise should a country leave the single European currency or if that currency is discontinued completely.

◆ Inflation Risk

Although the Sub-Fund may provide some protection against the effects of inflation, a change in the rate of inflation may affect the real value of your investment. The Sub-Fund is not intended to not track the inflation rate and provides no

guarantee that your investment will keep pace with the rate of inflation.

◆ Issuer Risk

The performance of a Sub-Fund depends on the performance of any individual securities the Sub-Fund holds. Any issuer of these securities may perform poorly, causing the value of its securities to decline. Poor performance may be caused by poor management decisions, competitive pressures, changes in technology, expiration of patent protection, disruptions in supply, labour problems or shortages, corporate restructurings, fraudulent disclosures or other factors. Issuers may, in times of distress or at their own discretion, decide to reduce or eliminate dividends, which may also cause their stock prices to decline.

◆ Liquidity Risk

Liquidity risk exists when a particular instrument is difficult to purchase or sell. On the liability side, it refers to a Sub-Fund having insufficient realisable cash, investments and borrowing capacity to meet redemption requests due to its inability to dispose of investments.

On the asset side, liquidity risk refers to the inability of a Sub-Fund to dispose of investments at a price equal or close to their estimated value within a reasonable period of time due to adverse market conditions generally. A Sub-Fund's assets primarily comprise realisable securities which can be readily sold in normal market conditions. However not all securities or instruments invested in by a Sub-Fund may be listed or rated and consequently liquidity of these securities or instruments may be low. The Investment Adviser endeavours to manage the Sub-Funds' investments, including cash, to meet its liabilities. However, investments may need to be sold if insufficient cash is available to finance redemptions. If the size of disposals is sufficiently large, or the market is illiquid, then there is a risk that either the investments might not be sold or the price at which they are sold may adversely affect the Net Asset Value of a Sub-Fund.

Therefore, reduced liquidity of a Sub-Fund's investments may result in a loss to the value of your investment. The Investment Adviser may, in its discretion, elect to restrict the total number of Shares redeemed in a Sub-Fund on any Dealing Day to a maximum percentage of the outstanding Shares in the Sub-Fund, in which case all requests will be scaled down pro rata to the number of Shares requested to be redeemed.

The remaining balance of Shares may be redeemed on the next Dealing Day provided no such restriction is applicable. The Investment Adviser may also, at its discretion and as outlined in **Section 1.3. "How to Sell Shares"** below, determine to satisfy a redemption request by a distribution of investments of the relevant Sub-Fund in specie. Shareholders should refer to **Sections 1.3. "How to Sell Shares"** below for further details.

◆ Market Capitalisation (Smaller Companies) Risk

A Sub-Fund may invest in equity securities of micro, small and mid-sized (by market capitalisation) companies. Investments in securities of companies with smaller market capitalisations are generally considered to offer greater opportunity for higher returns but also may involve greater risks than are associated with investing in more established companies and should be considered speculative. These risks include:

- ◆ the prices of securities of micro, small and mid-sized companies are generally more volatile than those of larger companies. This means it may be more difficult to effect sales of securities at an advantageous time or without a substantial drop in price than those of a company with a large market capitalisation and broad trading market;
- ◆ the securities of smaller companies generally are less liquid;
- ◆ smaller companies are generally more likely to be adversely affected by poor economic or market conditions. The prices of micro-sized companies are generally even more volatile and their markets are even less liquid relative to both small and larger companies; and
- ◆ smaller companies may have a shorter history of operations and may not have as great an ability to raise additional capital. They may also have limited product lines or markets, and they may be dependent upon a limited management group.

In light of these risks, investment in smaller companies should be viewed as a long-term investment.

◆ Market Risk

Market risk is the risk that one or more markets in which a Sub-Fund invests will go down in value, including the possibility that the markets will go down sharply and unpredictably, affecting the prices and values of the assets in the Sub-Fund. Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets.

The value of a security may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labour shortages or increased production costs and competitive conditions within an industry. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously.

Although it is intended that each Sub-Fund will be diversified with a view to reducing market risk, the investments of a Sub-Fund will remain subject to fluctuations in market variables and the risks inherent in investing in financial markets.

Equity securities generally have greater price volatility than fixed-income securities. In addition, some of the Regulated Markets on which a Sub-Fund may invest may be less well-regulated than those in developed markets and may prove to be illiquid, insufficiently liquid or highly volatile from time to time. This may affect the price at which a Sub-Fund may liquidate positions to meet redemption requests or other funding requirements. The higher the volatility of the market in which a Sub-Fund invests, the greater the market risk. These markets are subject to greater fluctuations in return.

◆ Operational Risk

In any country, but especially in emerging markets, losses could arise due to inadequate or failed processes, people and systems or from external events. Examples include, but are not limited to, service disruptions or other failures, as well as fraud, corruption, electronic crime, instability, terrorism or other irregular events. Operational risks may also subject a Sub-Fund to errors affecting transactions, valuation, pricing, accounting, tax reporting, financial reporting, among other things. Operational risks may go undetected for long periods of time, and even if they are detected it may prove impractical to recover prompt or adequate compensation from those responsible.

◆ Paying Agent Risk

Shareholders may choose, or be obliged under local regulations, to pay or receive Subscription or Redemption Proceeds or distributions via a third-party entity (e.g., a paying agent in a local jurisdiction) rather than directly to/from the Company or the relevant Sub-Fund. In these circumstances they would be exposed to the credit risk of that third party entity with respect to:

- ◆ Subscription monies before they are transferred to the Company or the relevant Sub-Fund; and
- ◆ Redemption Proceeds and/or distributions payable by the third party paying agent to the Shareholder.
- ◆ Political and Regulatory Risk

The value of a Sub-Fund's assets may be affected by uncertainties such as international political developments, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made.

Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain countries in which investment may be made may not provide the same degree of investor protection or information to Shareholders as would generally apply in major securities markets.

◆ Reliance on the Investment Adviser

The Management Company will rely on the Investment Adviser to implement the investment strategies of the Company and of

each Sub-Fund. The bankruptcy or liquidation of the Investment Adviser may have an adverse impact on the Net Asset Value of the relevant Sub-Fund. Investors must rely on the judgement of the Investment Adviser in making investment decisions. The Investment Adviser and its principals and affiliates will however devote a substantial degree of their business time to the Company's business.

◆ Securities Handling Risk

Some countries may restrict securities ownership by outsiders or may have less regulated custody practices, leaving the Sub-Fund more vulnerable to losses and less able to pursue recourse. These restrictions are more common in Emerging Markets, and may include the risk that:

- a court may not protect the Sub-Fund's right to securities held for it by a licensed body if the body came under legal, financial or political pressure;
- exchanges may tax or limit short-swing profits, recall eligible stocks, set maximum trading volumes (at the investor level or at the market level) or may otherwise limit or delay trading;
- custodial institutions may have less responsibility to investors, be less regulated, or otherwise be less highly protective against fraud, negligence or error as compared to US, European or other developed markets;
- Emerging Market securities may also suffer from impaired efficiency and liquidity, which may worsen price volatility and market disruptions; and
- exchanges or other authorities may impose quotas on foreign investment arbitrarily, selectively and without advance notice.

◆ Settlement Risk

The equity markets in different countries will have different clearance and settlement procedures and in certain markets there have been times when settlements have been unable to keep pace with the volume of transactions, thereby making it difficult to conduct transactions.

Delays in settlement could result in temporary periods when assets of a Sub-Fund are uninvested and no return is therefore earned on these assets. The inability of a Sub-Fund to make intended purchases due to settlement problems could cause it to miss attractive investment opportunities. Inability to dispose of portfolio securities due to settlement problems could result either in losses to a Sub-Fund due to subsequent declines in value of the portfolio security or, if it has entered into a contract to sell the security it could result in a possible liability of it to the purchaser.

Where cleared funds are not received in a timely fashion in respect of a subscription, overdraft interest may be incurred.

◆ Style Risk

Different investment styles typically go in and out of favour depending on market conditions and investor sentiment. At any given time, for instance, a growth-style portfolio may

underperform a value-style portfolio, or vice-versa, and either may at any time underperform the market as a whole.

Securities identified as undervalued may remain undervalued indefinitely, or may prove to have been fairly valued. With securities identified as offering above-average growth potential, a significant portion of the market price can be based on high expectations for future performance, and the price can fall rapidly and significantly if it begins to appear that these high expectations might not be met.

◆ **Suspension Risk**

In certain markets, trading on the local exchange may be carried out by only a small number of local market account holders. If these account holders fail to deliver securities or monies in relation to a trade, there is a risk of suspension in relation to all Sub-Funds that trade on the local market through them which may increase the costs of the Sub-Fund.

Additionally, in all markets, it may at times be necessary to temporarily suspend the issue, cancellation, sale, redemption, conversion and switching of any Share Class in any of the Sub-Funds where, due to exceptional circumstances, it is in the interests of all the Shareholders in the Sub-Fund to do so. Suspension can continue for as long as it is justified and remains in the interests of Shareholders. Shareholders will be notified of any suspension as soon as reasonably practicable after suspension commences, including details of the exceptional circumstances which have led to the suspension.

Regular review of the suspension will be carried out and the suspension will end as soon as practicable after the exceptional circumstances that led to the suspension have ceased to exist. During the period of suspension, the Investment Adviser may agree to issue, redeem, convert or switch Shares at prices calculated by reference to the first valuation point after dealing resumes.

◆ **Taxation Risk**

All Sub-Funds within the Company will be subject to taxation. In particular:

- ◆ the proceeds from the sale of securities in some markets or the receipt of any distributions or other income may be, or may become, subject to tax, levies, duties or other fees or charges imposed by the authorities in that market including withholding tax; and
- ◆ the Sub-Fund's investments may be subject to specific taxes or charges imposed by authorities in some markets.

Taxation could give rise to certain risks, particularly in countries where tax law and practice is not clearly established. It is possible that the current interpretation of the law or understanding of practice might change, or that the law might be changed with retrospective effect. This may mean that the Sub-Fund could become subject to additional taxation in countries where it is not anticipated either at the date of this

Prospectus or when investments are made, valued or disposed of.

Foreign Taxes

The Company may be liable to taxes (including withholding taxes) on income earned and capital gains arising on its investments in countries outside its country of domicile. The Company may not be able to benefit from a reduction in the rate of any foreign tax by virtue of the double taxation treaties between its country of domicile and other countries. The Company may not, therefore, be able to reclaim any foreign withholding tax suffered by it in particular countries. If this position changes and the Company obtains a repayment of foreign tax, the money received will be paid into the Sub-Fund. The benefit of the repayment received will be allocated to the then existing Shareholders at the time the repayment is made.

Tax Liability in New Jurisdictions

When a Sub-Fund invests in a jurisdiction where tax law and practice is not clearly established, no account will be made to any shareholder for any payment made in good faith to a fiscal authority for taxes or other charges of the company or relevant Sub-Fund even if it is later found that these payments need not or ought not have been made.

Conversely, where there is uncertainty as to the tax liability, the Sub-Fund would adhere to best practice, or common market practice in the absence of established best practice. This may subsequently be challenged, for example where there is the lack of a developed mechanism for practical and timely payment of taxes. This could result in the Sub-Fund paying taxes relating to previous years. In these circumstances, any related interest or late filing penalties will be charged to the Sub-Fund. Any late paid taxes will normally be debited to the Sub-Fund at the point the decision to accrue the liability in the Sub-Fund accounts is made, and will be borne by investors in the Sub-Fund at that time.

Treatment of Tax by Index Providers

Shareholders should be aware that the performance of Sub-Funds, as compared to a Reference Benchmark, may be adversely affected in circumstances where the assumptions about tax made by the relevant index provider in their index calculation methodology, differ to the actual tax treatment of the underlying securities in the Reference Benchmark held within Sub-Funds.

Withholding Tax

The Company may be subject to withholding or other taxes on income and/or gains arising from its investment portfolio. Where the Company invests in securities that are not subject to withholding or other taxes at the time of acquisition, there can be no assurance that tax may not be imposed in the future as a result of any change in applicable laws, treaties, rules or regulations or their interpretation. The Company may not be

able to recover any such tax and so any change could have an adverse effect on the Net Asset Value of the Sub-Fund.

The Company (or its representative) may file claims on behalf of the Sub-Funds to recover withholding tax on distribution and interest income (if any) received from issuers in certain countries where a withholding tax reclaim is possible.

Whether or when a Sub-Fund will receive a withholding tax refund is within the control of the tax authorities of the relevant countries. Where the Company expects to recover withholding tax for a Sub-Fund based on a continuous assessment of the likelihood of recovery, the Net Asset Value of that Sub-Fund will generally include an accrual for this tax refund.

The Company continues to evaluate tax developments to assess the potential impact on the likelihood of recovery. If the likelihood of receiving refunds materially decreases, for example due to a change in tax regulation or approach, accruals in the relevant Sub-Fund's Net Asset Value for any refunds may need to be written down partially or in full, which will adversely affect that Sub-Fund's Net Asset Value. Investors in that Sub-Fund at the time an accrual is written down will bear the impact of any resulting reduction in Net Asset Value regardless of whether they were investors during the accrual period. Conversely, if the Sub-Fund receives a tax refund that has not been previously accrued, investors in the Sub-Fund at the time the claim is successful will benefit from any resulting increase in the Sub-Fund's Net Asset Value.

◆ Transaction Charges

Sales, redemption or transaction charges may be payable in respect of a Sub-Fund if specified in **Section 1.13. "Charges & Expenses"**. In the short-term, these charges will have the effect of reducing the value of an investment. Accordingly, investors should view their investment in a Sub-Fund as medium- to long-term and should aim to hold their investment in a Sub-Fund for at least its minimum recommended holding period.

◆ Umbrella Cash Accounts

The Umbrella Cash Accounts will operate in respect of the Company rather than a Sub-Fund. Subscriptions monies received in respect of a Sub-Fund in advance of the issue of Shares, as well as redemption and distribution monies from the liabilities of Sub-Funds, will be held in the Umbrella Cash Account. The segregation of monies in the Umbrella Cash Account is dependent on the correct recording of assets and liabilities attributable to each Sub-Fund within the Company. Even though these monies are not legally segregated, the Investment Adviser and/or the Administrator will use their best endeavours to ensure that they are correctly recorded as being attributable to the relevant Sub-Fund.

New investors, and those making additional subscriptions, will be unsecured creditors of each Sub-Fund with respect to the amount subscribed until Shares are issued, and during this period will not benefit from any increase in the Net Asset Value of the Sub-Fund and will not have any shareholder rights

(including dividend entitlement). Similarly, redeeming Shareholders and Shareholders entitled to distributions will also be unsecured creditors of the Sub-Fund, and will not benefit from any further dividend entitlements or increases in the Net Asset Value with respect to the redemption or distribution amount. In the event of an insolvency of the Sub-Fund or the Company, there is no guarantee that the Sub-Fund or Company will have sufficient funds to pay unsecured creditors in full.

Payment by the Sub-Fund of redemption proceeds and distributions will not be released until the Administrator receives the original subscription documents and evidence of compliance with all anti-money laundering procedures. However, where Shares have been redeemed they will be cancelled from the relevant redemption date and from this time will no longer be subject to changes in the Net Asset Value of the relevant Sub-Fund. Therefore, it is in the interest of redeeming Shareholders to ensure that any outstanding documentation and information is provided to the Administrator promptly.

Monies attributable to other Sub-Funds within the Company will also be held in the Umbrella Cash Account. If any of these Sub-Funds become insolvent (an "**Insolvent Sub-Fund**"), the recovery of any amounts which another Sub-Fund (the "**Beneficiary Sub-Fund**") is entitled to, but which may have been transferred in error to the Insolvent Sub-Fund as a result of the operation of the Umbrella Cash Account, will be subject to applicable law and the operational procedures for the Umbrella Cash Account. There may be delays in effecting, and/or disputes as to, the recovery of these amounts, and the Insolvent Sub-Fund may have insufficient funds to repay any amounts due to the Beneficiary Sub-Fund. Accordingly, there is no guarantee that a Sub-Fund or the Company will recover these amounts or that either will have sufficient funds to repay any unsecured creditors.

It is not expected that any interest will be paid on amounts held in the Umbrella Cash Account. Any interest earned on monies in the Umbrella Cash Account will be for the benefit of the relevant Sub-Fund to which it relates and will be allocated to the Sub-Fund on a periodic basis for the benefit of the Shareholders at the time of the allocation.

The CSSF's guidance on umbrella cash accounts be subject to change and further clarification.

◆ Valuation Risk

A Sub-Fund may invest some of its assets in unquoted securities or instruments and/or securities which may become illiquid due to market conditions. These investments or instruments will be valued by the Investment Adviser or its delegate in good faith as to their probable realisable value as set out in this Prospectus (Calculation of Net Asset Value/Valuation of Assets). These investments are inherently difficult to value and are therefore subject to substantial uncertainty. There is no assurance that

the estimates resulting from the valuation process will reflect the actual sales or close-out prices of these securities.

In addition, assets in which a Sub-Fund invests may be valued on a less frequent basis than the Sub-Fund. Accordingly, there is a risk that

- ◆ the valuations of a Sub-Fund may not reflect the true value of assets held by a Sub-Fund at a specific time which could result in losses or inaccurate pricing for the Sub-Fund; and/or
- ◆ the valuations may not be available at the relevant Valuation Point so that some of the assets of the Sub-Fund may be valued at their probable realisable value.

The Management Company and/or the Administrator may consult the Investment Adviser with respect to the valuation of certain investments and Shareholders should be aware of an inherent conflict of interest between the involvement of the Investment Adviser in recommending the valuation price of a Sub-Fund's investment and the Investment Adviser's other duties and responsibilities in relation to the Sub-Funds.

Derivative instruments and forward exchange contracts which are not dealt on a Regulated Market will be valued by the counterparty at least daily, provided that the valuation is verified at least weekly either by the Investment Adviser or other independent party, who is independent of the counterparty and approved for that purpose by the Depositary Bank.

There is often no single market value for instruments such as OTC FDI. The discrepancies between bid offer spread on OTC FDI may be partly explained by various estimates on their pricing parameters. The Management Company has put procedures in place to reconcile any differences in valuation between the counterparties as well as pricing anomalies.

◆ Valuation Suspension Risk

The ability to subscribe for or redeem Shares may be affected by a temporary suspension of the determination of the Net Asset Value of a Sub-Fund which may take place upon the occurrence of certain events as described under **Section 1.9. "Suspension of Dealing or Valuations"**.

2.4 Risks Pertaining to use of Specific Instruments

◆ CoCo Bonds Risk

Contingent convertible securities ("CoCo's") are risky and highly complex instruments that are comparatively untested. Coupon payments on CoCo securities are discretionary or mechanical and may at times be cancelled, suspended or deferred by the issuer, so they are more vulnerable to losses than equities.

CoCo's are hybrid capital securities that absorb losses when the capital of the issuer falls below a certain level. Upon the occurrence of a predetermined event (known as a "**trigger event**"), CoCo's can be converted into shares of the issuing company, potentially at a discounted price, or the principal

amount invested may be lost on a permanent or temporary basis. Trigger events can vary, but include the capital ratio of the issuing company falling below a certain level, or the share price of the issuer falling to a particular level for a certain period of time.

Specific risks relating to CoCo's include but are not limited to:

Call Extension Risk

Some CoCo's are issued as perpetual instruments and are only callable at pre-determined levels upon approval of the competent regulatory authority. It cannot be assumed that these perpetual CoCo's will be called on a call date. And they are therefore regarded as a form of permanent capital.

Legislative changes could have an adverse impact on the value of the CoCo and may give the issuer the option to redeem the instrument. However, there is a risk that the investor may not receive return of principal as expected on call date or potentially at any date.

Capital Structure Inversion Risk

Investors in contingent convertible securities may suffer a loss of capital when equity holders do not. This may occur, for example, when the loss absorption mechanism of a high trigger (i.e. the level at which a CoCo bond can be written down or converted) is activated. This differs to the normal order of the capital structure where equity holders are expected to suffer the first loss.

Conversion Risk

Trigger levels differ between specific contingent convertible securities and determine exposure to conversion risk. It might be difficult at times for the Investment Adviser of the relevant Sub-Fund to assess how the contingent convertible securities will behave upon conversion. In case of conversion into equity, the Investment Adviser might be forced to sell the new equity shares since the investment policy of the relevant Sub-Fund may not allow the holding of equity securities. Given the trigger event is likely to be some event depressing the value of the issuer's common equity, this forced sale may result in the Sub-Fund experiencing some loss.

Coupon Payments and Coupon Cancellation Risk

Coupon payments on some CoCo's are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.

The discretionary cancellation of payments is not an event of default and there are no possibilities to require re-instatement of coupon payments or payment of any passed missed payments. Coupon payments may also be subject to approval by the issuer's regulator and may be suspended in the event there are insufficient funds for distribution. As a result of uncertainty surrounding coupon payments, CoCo's may be volatile and their price may decline rapidly in the event that coupon payments are suspended.

Subordinated Debt Instruments Risk

CoCo's will, in most cases, be issued in the form of subordinated debt instruments to provide the appropriate regulatory capital treatment prior to a conversion. This means that, in the event of liquidation, dissolution or winding-up of a CoCo issuer prior to the conversion taking place, the rights and claims of the holders of the CoCo securities against the issuer will generally rank junior to the claims of all holders of unsubordinated obligations of the issuer.

Trigger Level Risk

Trigger I differs between specific CoCo's and conversion can be triggered by the regulatory authority. This means that might be difficult for the Investment Adviser of a Sub-Fund invested in CoCo's to anticipate the trigger events that would require the debt to convert into equity or the write down to zero of principal investment and/or accrued interest.

Trigger events may include:

- ◆ A reduction in the issuing bank's Core Tier 1/ Common Equity Tier 1 ("CT1/CET1") ratio or other ratios;
- ◆ A regulatory authority, at any time, making a subjective determination that an institution is "non-viable", i.e. that the issuing bank requires public sector support in order to prevent the issuer from becoming insolvent, bankrupt or otherwise carry on its business and requiring or causing the conversion of the contingent convertible securities into equity or write down, in circumstances that are beyond the control of the issuer; or
- ◆ A national authority deciding to inject capital.

Unknown Risk

The structures of CoCo's are innovative yet untested. In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform.

Valuation and Write-Down Risk

CoCo's often offer an attractive yield which may be viewed as a complexity premium. At every call date however, there is the possibility that the maturity of the bond will be extended which can result in a yield change.

The risk of a write down includes a full or partial write down of the principal amount meaning that a Sub-Fund could lose its entire investment or may be required to accept cash or securities with a value less than its original investment. In the event of a partial write down, future distributions will be based on the reduced principal amount. In addition, after a conversion, the common stock of the issuer might be suspended from trading, making it difficult to accurately value the position.

◆ Commodity Risk

The Sub-Funds may have exposure to commodities markets. Investing in commodities related instruments, including trading in commodities indices and financial derivative instruments related to commodities, is speculative and entails greater volatility than investments in traditional securities, such as stocks and bonds. Market prices of commodities may vary rapidly and widely based on a variety of factors including: changes in overall market movements, domestic and foreign political and economic events and policies, war, acts of terrorism, changes in domestic or foreign interest rates and/or expectations concerning interest rates, domestic and foreign inflation rates and/or investor expectations concerning inflation rates and investment and trading activities of mutual funds and commodities funds.

They may also be affected by factors such as droughts, floods, weather, livestock disease, embargoes, tariffs and other regulatory developments. Many of these factors are very unpredictable. The prices of commodities can also fluctuate widely due to supply and demand disruptions in major producing or consuming regions. Certain commodities may be produced in a limited number of countries and may be controlled by a small number of producers. As a result, political, economic and supply related events in these countries could have a disproportionate impact on the prices of such commodities.

Securities of companies involved in the extraction or commerce of energy and materials, such as oil, gas and precious metals, may operate in countries with less developed markets and legal framework. Such companies may be more prone to risks linked to political instability, changes in taxation or regulation.

Commodity prices may also be affected by investment and trading activities of mutual funds and commodities funds.

To the extent that the financial health of any company, industry, country, or region is linked to commodity or materials prices, the value of its securities can be affected by trends in those prices.

◆ Debt Securities Risk

Debt securities and other income-producing securities are obligations of their issuers to make payments of principal and/or interest on future dates. As interest rates rise, the values of debt securities or other income-producing investments are likely to fall. This risk is generally greater for obligations with longer maturities. Debt securities and other income-producing securities also carry the risk that the issuer or the guarantor of a security will be unable or unwilling to make timely principal and/or interest payments or otherwise to honour its obligations. This risk is particularly pronounced for lower-quality, high-yielding debt securities.

Additional general risks that may be part of debt securities include the following:

Callable Bonds Risk

Callable Bonds entail a risk that an issuer may exercise its right to redeem a fixed income security earlier than expected, i.e. a call risk. The redemption of a Callable Bond with a higher than average yield may cause a decrease in the Sub-Fund's yield.

Convertible Securities Risk

Convertible securities are fixed income securities, preferred stocks or other securities that may be converted or exchanged (by the holder or by the issuer) into shares of the underlying common stock (or cash or securities of equivalent value) at a stated price or rate. They will at least have similar interest rate risk, credit risk and prepayment risk associated with comparable straight debt investments.

The convertible bond market value tends to reflect the market price of the common stock of the issuing company when that stock price approaches or is greater than the conversion price of the convertible security. As a result, convertible securities are exposed to greater volatility than a straight bond investment. Convertible securities are generally regarded as a Subordinated Debt to other debt securities issued by the same issuer. The difference between the conversion value and the price of convertible securities will vary over time depending on changes in the value of the underlying common stocks and interest rates. Consequently, the issuer's convertible securities generally entail less risk than its common stock but more risk than its debt obligations.

As a hybrid security, the value of convertible securities may change significantly depending on economic and interest rate conditions, the creditworthiness of the issuer, the performance of the underlying company shares and general financial market conditions. Convertibles may also be less liquid than the underlying company shares.

Corporate Bonds Risk

Corporate bond Sub-Funds may invest in corporate bonds issued by companies with a range of creditworthiness if the relevant Sub-Fund's Reference Benchmark does not apply any minimum credit rating requirement to its constituents.

Corporate Bonds may be upgraded or downgraded from time to time due to a perceived increase or reduction in the creditworthiness of the issuers.

A Reference Benchmark of a Sub-Fund may impose specific credit rating requirements for bonds to be included (e.g., Investment Grade Bonds or Non-Sub-Investment Grade Bonds). In the event that bonds within the Reference Benchmark are downgraded, upgraded or have their credit ratings withdrawn such that they no longer meet the credit rating requirements of the Reference Benchmark, the Sub-Fund may continue to hold them. This may continue until these bonds cease to form part of the Sub-Fund's Reference Benchmark and the Sub-Fund's

position in the bonds can be liquidated. Sub-Investment Grade Bonds are generally riskier investments, involving a higher risk of default by the issuer than investment grade bonds. A default by the issuer of a bond is likely to result in a reduction in the value of a Sub-Fund.

Although a Sub-Fund may invest in bonds that are traded on the secondary market, the secondary market for Corporate Bonds can often be illiquid and therefore it may be difficult to achieve fair value on purchase and sale transactions.

Cash interest rates vary over time. The price of bonds will generally be affected by changing interest rates and credit spreads which in turn may affect the value of an investment. Bond prices move inversely to interest rates, so in general the market value of a bond will decrease as interest rates increase. The credit rating of an issuing company will generally affect the yield that can be earned on a bond; the better the credit rating the smaller the yield.

Covered Bonds Risk

Covered Bonds are Corporate Bonds that are backed by cash from public sector or mortgage loans. Where a Sub-Fund invests in Covered Bonds, the Investment Adviser will seek to invest in high quality bonds or as otherwise required in accordance with the relevant Reference Benchmark, if any. There is no guarantee that these Covered Bonds will be free from counterparty default so the risks associated with counterparty default apply. Any deterioration in the assets backing a bond may result in a reduction in the value of the bond and, therefore, the relevant Sub-Fund. Additionally, a default by the issuer of a bond may result in a reduction in the value of the relevant Sub-Fund. The price of bonds will generally be affected by changing interest rates and credit spreads.

Credit Risk

Debt Securities are subject to both actual and perceived measures of creditworthiness. This risk is greater the lower the credit quality of the debt, and the greater the Sub-Fund's exposure to lower-quality bonds. If the financial health of the issuer of a bond or money market security weakens, or if the market believes it may weaken, the value of the bond or money market security may fall or become more volatile, and it may become illiquid. Compared to higher quality bonds, the prices and yields of lower quality bonds are more sensitive to economic events.

The amount of credit risk may be assessed using the issuer's credit rating which is assigned by one or more independent rating agencies. This does not amount to a guarantee of the issuer's creditworthiness but provides an indicator of the likelihood of default. Credit rating agencies base their ratings largely on the issuer's historical financial condition and the rating agencies' investment analysis at the time of rating. The rating assigned to any particular investment does not necessarily reflect the issuer's current financial condition and

does not reflect an assessment of an investment's volatility or liquidity.

Default Risk

The issuers of certain bonds could become unwilling or unable to make payments on their bonds. Bonds that are in default may become illiquid and/or worthless.

Depository Notes Risk

Global Depository Notes ("GDNs") are designed to offer exposure to their underlying securities. In certain situations, for example, where the underlying securities cannot be, or are unsuitable to be, held directly by the Sub-Fund, the Investment Adviser may use GDNs to provide exposure to underlying securities within the Reference Benchmark. They may also be used where direct access to the underlying securities is restricted or limited or where GDNs may provide a more cost or tax efficient exposure. However, the Investment Adviser cannot guarantee that a similar outcome will be achieved to holding the securities directly, since GDNs do not always perform in line with the underlying security.

In the event of the suspension or closure of a market(s) on which the underlying securities are traded, there is a risk that the value of the GDN will not closely reflect the value of the underlying security. Additionally, there may be some circumstances where the Investment Adviser cannot, or it is not appropriate to, invest in a GDN or where the characteristics of the GDN do not exactly reflect the underlying security.

Downgrading Risk

The risk that a credit rating agency may downgrade an issuer's credit rating. Investment Grade bonds may be subject to the risk of being downgraded to Non-Investment Grade bonds. The "downgrading" of an investment grade rated debt security or adverse publicity and investor perception, which may not be based on fundamental analysis, could decrease the value and liquidity of the security, particularly in a thinly traded market. In addition, investment restrictions may rely on credit rating thresholds and thus have an impact on securities selection and asset allocation. The Management Company or the relevant Investment Adviser may dispose of the securities, subject to the investment objective of the Sub-Fund, or may be forced to sell securities at an unfavourable time or price.

Duration Risk

Duration is a measure of the sensitivity of the price (the value of principal) of a bond to a change in interest rates and is expressed in number of years. Securities with longer duration are usually more sensitive to interest rate changes.

Extension Risk

When interest rates rise, borrowers tend not to prepay their low-interest mortgages. This can lock in the Sub-Fund to receiving below-market yields until interest rates fall or the securities mature ("**extension risk**"). It can also mean that the

Sub-Fund must either sell the securities at a loss or forgo the opportunity to make other investments that may turn out to have performed better.

The prices and yields of Callable Securities typically reflect the assumption that they will be paid off at a certain point before maturity. If this prepayment happens when expected, the Sub-Fund generally will not suffer any adverse effects. However, if it happens substantially earlier or later than expected, it can mean that the Sub-Fund effectively overpaid for the securities. These factors can also affect the Sub-Fund's duration, increasing or decreasing sensitivity to interest rates in undesired ways. In some circumstances, the failure of rates to rise or fall when anticipated could cause prepayment or extension risks as well.

Due the above factors, increase in uncertainty regarding the expected path of interest rates along the term of a callable instrument may by itself hamper prices. In general, the higher the forward interest-risk uncertainty, the lower the price of callable fixed income securities.

High Yield Fixed-income Securities Risk

High yield Fixed-income Securities are often more volatile, less liquid, and more prone to financial distress than other higher rated bonds. Therefore, a Sub-Fund which invests in high yield fixed-income securities carries higher credit risk, liquidity risk and market risk than a Sub-Fund that invests in Investment Grade fixed-income securities. High yield fixed income securities include those rated below Investment Grade and higher yielding fixed income securities rated Investment Grade but of comparable credit quality to Non-Investment Grade rated securities. The valuation of High Yield Fixed-income Securities may be more difficult than other higher rated securities because of lack of liquidity.

It is more likely that income or capital payments may not be made when due, meaning the risk of default is greater. The amounts that may be recovered after any default may be less than the original investment or zero which would affect the overall value the Sub-Fund's investments. In addition, the Sub-Fund may incur additional expenses if it tries to recover any losses through bankruptcy or other similar proceedings.

Adverse economic events, such as a recession, may have a greater impact on the prices of high yield fixed-income securities. This means there is a risk of greater volatility than for Investment Grade fixed-income securities, with an increased risk of capital loss, but with the potential of higher returns. The market liquidity for high yield securities can be low and there may be circumstances in which there is no liquidity, making it more difficult to value and/or sell these securities. As a result of significant redemption applications received over a limited period in a Sub-Fund invested High Yield Fixed-income Securities, the Board of Directors may invoke the procedure permitting the deferral of shareholder redemptions.

Distressed and defaulted debt securities risk

Bonds from issuers in distress are often defined as those (i) that have been given a very speculative long-term rating by credit rating agencies or those (ii) that have filed for bankruptcy or expected to file for bankruptcy. In some cases, the recovery of investments in distressed or defaulted debt securities is subject to uncertainty related to court orderings and corporate reorganisations among other things. Companies which issued the debt that has defaulted may also be liquidated. In that context, the Sub-Fund may receive, over a period of time, proceeds of the liquidation. The received amounts may be subject to a case-by-case specific tax treatment. The tax may be reclaimed by the authority independently from the proceeds paid to the Company. The valuation of distressed and defaulted securities may be more difficult than other higher rated securities because of lack of liquidity. The Sub-Fund may incur legal expenses when trying to recover principal or interest payments. Investment in this kind of securities may lead to unrealised capital losses and/or losses that can negatively affect the Net Asset Value of the Sub-Fund.

Illiquidity Risk of Bonds Close to Maturity

Bonds which are nearing maturity may become illiquid and it may therefore be more difficult to achieve fair value on the purchase and sale of these bonds.

Income Risk

If a Sub-Fund's income is based on short-term interest rates, which may fluctuate over short periods of time, income received by the Sub-Fund may decrease as a result of a decline in interest rates.

Interest Rate Risk

A Sub-Fund that invests in bonds and other fixed income securities may be affected by changes in prevailing interest rates and by credit quality considerations. The prices of debt securities typically rise when interest rates fall, while their prices fall when interest rates rise. Prices of shorter-term securities tend to fluctuate less in response to interest rate changes than longer-term securities as longer term debt securities are usually more sensitive to interest rate changes.

Investment Grade Debt Securities Risk

Some investment-grade debt securities may possess speculative characteristics similar to high yield debt securities which means they may be more sensitive to economic changes and to changes in the financial conditions of issuers.

There can be no assurance that investment grade securities will not be subject to credit difficulties leading to the loss of some or all of the sums invested in such securities.

Negative Yield Risk

Market conditions, including but not limited to a reduction in interest rates, may have a material impact on the Yield payable on a class of Shares in a Sub-Fund. Either the Yield will be so low

that following the deduction of the charges and expenses applicable to the Shares it will be a negative number ("**Negative Net Yield**") or the Yield will already be a negative number before the charges and expenses have been deducted ("**Negative Gross Yield**"). Such market conditions, together with any actions taken by financial institutions in response to those conditions (for example, by way of reducing interest rates and therefore income payable on investments of a Sub-Fund), are outside the control of the Board of Directors.

A Negative Net Yield and/or Negative Gross Yield environment creates potential issues for any Sub-Fund which seeks to maintain the distributing classes of Shares in the Sub-Fund at a constant Net Asset Value per Share. It also means that the Yield of the Sub-Fund may not be sufficient to pay a distribution or cover charges or expenses or other liabilities of the Sub-Fund, such as the fees of the Management Company, the Investment Management fee or other operating costs.

Although the Directors will seek to stabilise the Net Asset Value per Share in a distributing class of Shares, there can be no assurance that the Company will be able to attain this objective.

Prepayment Risk

Any unexpected behaviour in interest rates could harm the performance of Callable Debt Securities (securities whose issuers have the right to pay off the security's principal before the maturity date). This is because when interest rates fall, issuers tend to pay off these securities and re-issue new ones at lower interest rates. When this happens, the Sub-Fund may have no alternative but to reinvest the money from these prepaid securities at a lower rate of interest ("**prepayment risk**").

The prices and yields of Callable Securities typically reflect the assumption that they will be paid off at a certain point before maturity. If this prepayment happens when expected, the Sub-Fund generally will not suffer any adverse effects. However, if it happens substantially earlier or later than expected, it can mean that the Sub-Fund effectively overpaid for the securities. These factors can also affect the Sub-Fund's duration, increasing or decreasing sensitivity to interest rates in undesired ways. In some circumstances, the failure of rates to rise or fall when anticipated could cause prepayment or extension risks as well.

Due to the above factors, increase in uncertainty regarding the expected path of interest rates along the term of a Callable instrument may by itself hamper prices. In general, the higher the forward interest-risk uncertainty, the lower the price of callable fixed income securities.

Short-Term Investments Risk

During times of low interest rates, the income received by the Sub-Fund could be less than the costs of operating the Sub-Fund. This could result in negative yields. The total return on money market instruments and other short-term investments

may not keep pace with inflation, which over time can create a significant loss of purchasing power.

◆ Equity Risk

Investing in equities may offer a higher rate of return than other investments. However, the risks associated with investments in equities may also be higher, because their value fluctuate daily and a Sub-Fund investing in equities could incur significant losses. The fundamental risk associated with equity portfolios is the risk that the value of the investments it holds might decrease in value. The prices of equities can be influenced by factors affecting the performance of the individual companies issuing the equities, as well as by daily stock market movements, and broader economic and political developments, including trends in economic growth, inflation and interest rates, corporate earnings reports, demographic trends and natural disasters.

◆ Depository Receipts

The Investment Adviser may use American Depository Receipts ("ADRs") and Global Depository Receipts ("GDRs") to provide exposure to their underlying securities, for example where the underlying securities cannot be, or are unsuitable to be, held directly, where direct access to the underlying securities is restricted or limited or where Depository Receipts provide a more cost or tax efficient exposure. There may be circumstances however where the Investment Adviser may choose not to use ADRs or GDRs if their characteristics do not exactly reflect the underlying security. Where the Investment Adviser uses ADRs or GDRs, there is no guarantee that a similar outcome will be achieved to holding the securities directly.

In the event of the suspension or closure of a market on which the underlying securities are traded, there is a risk that the value of the ADR or GDR will not closely reflect the value of the relevant underlying securities.

For Sub-Funds tracking a Reference Benchmark, the use of ADRs and GDRs may mean that the Sub-Fund's return varies from the return of the Reference Benchmark more so than if the Sub-Fund invested in the underlying security directly.

◆ High dividend paying stocks

Dividend payment streams can vary from year to year and past dividend payments are no guide for future dividend payments.

High dividend paying stocks include Small-Capitalisation and Mid-Capitalisation companies, which might be less financially secure than Large-capitalisation companies. Additionally, these companies depend more heavily on essential personnel and thus are more vulnerable to personnel loss. Small-Capitalisation and mid-Capitalisation companies might have less diversified product lines than Large-Capitalisation companies and thus are more susceptible to adverse development concerning their products. Small-Capitalisation and mid-Capitalisation companies may also be less frequently traded and thus may be difficult for a Sub-Fund to buy and sell.

◆ Foreign Exchange (Currency) Risk

Because a Sub-Fund's assets and liabilities may be denominated in currencies different to the Base Currency, the Sub-Fund may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between the Base Currency and other currencies. Changes in currency exchange rates may influence the value of a Sub-Fund's Shares, the distributions or interest earned and the gains and/or losses realised. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation and other economic and political conditions.

Assuming no change in the local price of a security, if the currency in which that given security is denominated appreciates against the Base Currency, the value of the security in Base Currency terms will increase. Conversely, a decline in the exchange rate of the currency would decrease the value of the security in Base Currency terms.

A Sub-Fund may engage in foreign currency transactions in order to hedge against currency exchange risk; however, there is no guarantee that hedging or protection will be achieved and such transactions may result in a loss to the Sub-Fund. Where the Investment Adviser seeks to hedge the non-Base Currency assets held within the Sub-Fund back into the Base Currency, this strategy may result in a higher /lower return than would have potentially been achieved had those assets not been hedged. In addition, the volatility of currency exchange rates to which the Sub-Fund is exposed may affect the Net Asset Value of the Sub-Fund.

Exchange rates can change rapidly and unpredictably, and it may be difficult for the Sub-Fund to unwind its exposure to a given currency in time to avoid losses. Intervention by a central bank, such as aggressive buying or selling of currencies, changes in interest rates, restrictions on capital movements or a "de-pegging" of one currency to another, could cause abrupt and/or long-term changes in relative currency values.

For emerging market countries, there are increased volatility in currency markets.

◆ Hedge Fund Investments

Hedge funds are considered to fall within the category of alternative investments. Hedge funds often engage in borrowing money to increase returns and other speculative investment practices that may increase the risk of investment loss. They may also regularly make short sales, i.e. sales of assets received through securities lending from a third party, where they will have an obligation to return the securities.

If the price of the securities increases the hedge funds may suffer a loss, possibly unlimited in amount. They can be difficult to sell, are not required to provide periodic pricing or valuation information to investors, and may involve complex tax structures and delays in distributing important information. Alternative investments may not always be subject to

governmental or regulatory supervision and are generally not bound by investment restrictions or limits. They are often not subject to the same regulatory requirements as other funds and often charge high fees that may potentially offset trading profits when they occur. Exposure to hedge funds through derivatives is subject to the risks associated with derivatives described.

◆ Risks of Holding Ancillary Liquid or Other Eligible Liquid Assets

The Company may hold a portion of a Sub-Fund's assets in ancillary liquid or other eligible liquid assets (such as money market funds, which may be used as an alternative to a regular deposit account). This is usually for the purposes of managing liquidity and for holding distribution payments prior to distribution.

Where a Sub-Fund holds ancillary liquid or other eligible liquid assets, although designed to be low risk investments, they are not entirely free of risk. The total return on money market instruments and ancillary liquid or other eligible liquid assets may not keep pace with inflation, which over time can create a significant loss of purchasing power and may dilute portfolio returns.

Where a money market fund is used to hold a Sub-Fund's cash it may not provide the same level of protection as a bank deposit account and will not be covered by any applicable deposit protection schemes.

◆ Private Equity Investments Risk

Private equity investments are generally illiquid, long-term investments that do not display the liquidity or transparency characteristics often found in other investments (e.g. listed securities). It can take a longer time for money to be invested as well as a longer time for investments to produce returns after initial losses. There is a higher degree of risk that the entire investment may be lost. Private equity companies are subject to little or no regulatory supervision and thus the reporting standards may be lower than exchange traded companies.

◆ Real Estate Investments Risk

Property securities are subject to some of the same risks associated with the direct ownership of property. Specifically, investments in real estate holdings or related businesses or securities (including interests in mortgages) can be negatively impacted by natural disasters, economic declines, overbuilding, zoning changes, tax increases, population or lifestyle trends, environmental contamination, defaults on mortgages, failures of management, and other factors that may affect the market value or cash flow of the investment. Historically there has been an inverse relationship between interest rates and property values since rising interest rates, which increase the cost of borrowing, can result in a decrease in property prices.

Investing in property securities, however, is not equivalent to investing directly in property and the performance of property

securities may be more heavily dependent on the general performance of stock markets than the general performance of the property sector.

In addition, the current taxation regime for property and funds investing in property securities is potentially complex and may change in the future. This may impact, directly or indirectly, the taxation treatment of the Sub-Fund or its holdings which in turn may affect the returns to investors. Investors should therefore seek independent advice about the specific tax risks of investing in funds that hold property or property securities.

◆ Real Estate Investment Trust Risk

Where a Sub-Fund invests directly in Real Estate Investment Trusts ("REITs"), any distribution policy or distribution payout at the Sub-Fund level may not be representative of the distribution policy or distribution payout of the relevant underlying REIT meaning the distributions an investor receives from the Sub-Fund may not accurately reflect those of the REIT itself.

The legal structure of a REIT, its investment restrictions and the regulatory and taxation regimes to which it is subject will differ depending on the jurisdiction in which it is established.

◆ Securitised Asset Risk

Securitised assets, including mortgage-backed and asset-backed securities ("MBS" and "ABS"), typically carry prepayment and extension risk and can carry above-average liquidity risk. MBS (a category that includes collateralised mortgage obligations, or "CMOs") and ABS represent an interest in a pool of debt, such as credit card receivables. MBS and ABS also tend to be of lower credit quality than many other types of debt securities. To the extent that the debts underlying an MBS or ABS go into default or become non-collectable, the securities based on those debts will lose some or all of their value. To-be-announced ("TBA") securities, which are MBS or ABS that are purchased sight unseen 48 hours before they are issued, can fall in value between the time the Sub-Fund commits to the purchase and the time of delivery. These securities therefore carry greater counterparty risk.

Prepayment and Extension Risk

Because the loans held in the asset pool often may be prepaid without penalty or premium, asset-backed securities are generally subject to higher prepayment risks than most other types of debt instruments. Prepayment risks on mortgage securities tend to increase during periods of declining mortgage interest rates because many borrowers re-finance their mortgages to take advantage of the more favourable rates. Depending upon market conditions, the yield that a Sub-Fund receives from the re-investment of any prepayments, or any scheduled principal payments may be lower than the yield on the original mortgage security. As a consequence, mortgage securities may be a less effective means of "locking in" interest rates than other types of debt securities having the same stated maturity and may also have less potential for capital

appreciation. For certain types of asset pools, such as collateralised mortgage obligations, prepayments may be allocated to one tranche of securities ahead of other tranches, in order to reduce the risk of prepayment for the other tranches. The frequency at which prepayments occur on loans underlying MBS/ABS will be affected by a variety of factors including interest rates as well as economic, demographic, tax, social, legal and other factors.

Conversely, rising interest rates may lead to extension risk as individual mortgage holders are less likely to exercise prepayment options. Both prepayment risk and extension risk may negatively impact the returns of the Sub-Funds.

Subordinated Risk

Securitised assets are structured into tranches meaning that holders of the most junior securities absorb losses before more senior tranches. When losses have been absorbed by the most junior tranche, the next most junior tranche will absorb subsequent losses. Therefore, investments in subordinated (i.e. junior) tranches involve greater risk of default and loss than the senior tranches of the issue or series and can carry high capital risk or face a complete loss.

Capital Value Risk

The rate of defaults and losses on residential mortgage loans will be affected by a number of factors, including general economic conditions and those arising in the property location, the borrower's equity in the mortgaged property and the financial circumstances of the borrower. If a residential mortgage loan is in default, repossession of the property may be a lengthy and difficult process, and may involve significant expense. Furthermore, the market for defaulted residential mortgage loans or repossessed properties may be limited.

Most commercial mortgage loans underlying MBS are full recourse obligations of the borrower which is usually a Special Purpose Vehicle ("SPV"). If a borrower is not able or willing to refinance or dispose of the mortgaged property to pay the principal and interest owed on the mortgage loan, payments on the subordinated tranches of the related MBS are likely to be more adversely affected. The ultimate extent of the loss, if any, to the subordinated tranches of MBS may only be determined after a negotiated discounted settlement, restructuring or sale of the mortgage note, or the repossession (or deed in lieu of repossession) of the mortgaged property and its subsequent liquidation. Repossession can be costly and delayed by litigation and/or bankruptcy. Factors such as the property's location, the legal status of title to the property, its physical condition and financial performance, environmental risks, and governmental disclosure requirements with respect to the condition of the property may make a third party unwilling to purchase the repossessed property or to pay a price sufficient to satisfy the obligations of the related MBS. Revenues from the assets underlying the MBS may be retained by the borrower and the return on investment may be used to make payments to others, maintain insurance coverage or pay taxes and maintenance

costs. This diverted revenue is generally not recoverable without a court appointed receiver to control collateral cash flow.

Where a loan originator has assigned specific loans to an ABS structure and the originator has faced financial difficulties, creditors of the originator have sometimes challenged the validity of the assigned loans. Such challenges can weaken the asset backing for ABS securities.

Economic Risk

Performance of a commercial mortgage loan depends primarily on the net income generated by the underlying mortgaged property. The market value of a commercial property similarly depends on its income-generating ability. As a result, the level of income generated will affect both the likelihood of default and the severity of losses with respect to a commercial mortgage loan. Any decrease in income or value of the commercial real estate underlying an issue of CMBS could result in cash flow delays and losses on the related issue of CMBS.

The value of the real estate which underlies mortgage loans is subject to market conditions. Changes in the real estate market may adversely affect the value of the collateral and thereby lower the value that can be recovered during liquidation. In addition, adverse price changes in the real estate market increase the probability of default, as the incentive of the borrower to retain equity in the property declines.

Re-Financing Risk

Mortgage loans on commercial and residential properties are often structured so that a substantial portion of the loan principal is not amortised over the loan term but is payable at maturity and repayment of the loan principal often depends upon the future availability of real estate financing from the existing or an alternative lender and/or upon the current value and saleability of the real estate. Therefore, challenges in obtaining alternative real estate financing may lead to default.

◆ Sovereign, Quasi-Sovereign and Local Authority Debt Risk

Investment in Sovereign, Quasi-Sovereign and Local Authority Debt issued or guaranteed by governments of countries that are large debtors to commercial banks and foreign governments can involve a high degree of risk.

These investments (known as bonds) are subject to interest rate risk and, in periods of low inflation, the positive growth of Sub-Funds investing in these assets may be limited. They may also be subject to liquidity constraints and periods of significantly lower liquidity in difficult market conditions.

There is a risk that an issuer may not be able or willing to repay the principal and/or interest when due. An entity's ability to do so may be affected by, among other factors, its cash flow, the extent of its foreign reserves, the availability of sufficient foreign exchange when payment is due, the state of the country's economy, the relative size of the debt burden to the economy as a whole, restrictions on its ability to raise more

cash, the entity's policy towards the International Monetary Fund and the political constraints to which the entity may be subject. A Sub-Fund may suffer significant losses when there is a default of these debt issuers.

These entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrears on their debt. The commitment on the part of these governments, agencies and others to make disbursements may be conditional on each entities' implementation of economic reforms and/or economic performance and the timely service of debtors' obligations. Failure to implement any reforms, achieve required levels of economic performance or repay the principal and/or interest when due may result in the cancellation of the third parties' commitments to lend funds to the entities, which may further impair the debtors' ability to service their debt on a timely basis. Consequently, an entity may default on their debt meaning that holders, including a fund, may be requested to participate in the rescheduling of the debt and to extend further loans to these entities. Quasi-sovereign and local authority debt obligations are typically less liquid and less standardised than government and sovereign debt obligations.

There is a possibility that there may not be a bankruptcy proceeding by which this debt may be collected in whole or in part. Banks, Governments and companies (including within the EEA) invest in each other so if a single member state performs poorly, the other countries could be impacted. If one country defaults on its debt obligations, other countries could be at risk.

Where a Sub-Fund has investment exposure to Europe, the fiscal conditions and concerns about certain European countries' ability to repay debt as well as their potential exit from the EU, may mean the Sub-Fund is subject to a number of risks arising from a potential crisis in Europe.

Quasi-Sovereign and Local Authority Debt will be subject to their own unique additional risks due to each issuer's local, regional, state, provincial, or municipal legal, political, business, or social structure and framework. International and local sources of financing, including assistance from the central or federal government, may not be available which can have an adverse effect on the ability of the issuer to service its debt obligations.

There is no guarantee that an active trading market for Quasi-Sovereign or Local Authority Debt will develop or be maintained, which could negatively affect the price of the debt. A Sub-Fund may therefore be prevented from buying or selling the debt at times when it might be in the interest of the Sub-Fund to do so. These cases may ultimately negatively impact the Net Asset Value of the Sub-Fund.

◆ Variable and Floating Rate Securities Risk

In addition to traditional fixed-rate securities, a Sub-Fund may invest in debt securities with variable or floating interest rates

or dividend payments. Variable or floating rate securities bear rates of interest that are adjusted periodically according to formulae intended to reflect market rates of interest. These securities allow the Sub-Fund to participate in increases in interest rates through upward adjustments of the coupon rates. However, during periods of increasing interest rates, changes in the coupon rates may lag the change in market rates or may have limits on the maximum increase in coupon rates. Alternatively, during periods of declining interest rates, the coupon rates on these securities readjust downward and this may result in a lower yield.

2.5 Sustainability Risks

◆ ESG Scoring & Data Risk

The Company and the Investment Adviser may rely on third parties to provide ESG scoring data where relevant. This means that the Company is subject to certain operational and data quality risks associated with reliance on third party screening providers and data sources. ESG data provided by third parties may be incomplete, inaccurate or unavailable and this may impact a Sub-Fund's ability to accurately assess sustainability risks and effectively promote ESG characteristics, where relevant.

Where data is unavailable or not to be relied upon, the Investment Adviser may seek to carry out its own assessment however, this means that the Investment Adviser may incorrectly assess a security or issuer, resulting in the incorrect inclusion or exclusion of a security in the portfolio of a Sub-Fund.

◆ Responsible Investing

The Company may not invest directly in securities issued by companies reasonably expected to be involved in the use, development, manufacturing, stockpiling, transfer or trade of controversial weapons (i.e., those banned by international convention). This policy restricts the Sub-Fund from investing directly in related securities, therefore reducing the investment universe and preventing the Sub-Fund from benefitting from any potential returns from these companies. In the case of Sub-Funds that track a Benchmark, if the Reference Benchmark includes a security prohibited under this policy, the Sub-Fund will not directly hold that security, which will lead to a deviation in the performance of the Sub-Fund against the Reference Benchmark.

This policy does not apply to third party funds or derivative instruments that a Sub-Fund may invest in. This policy applies to all HSBC Group funds.

HSBC Asset Management's Responsible Investment Policies are available on the website at: www.assetmanagement/hsbc/about-us/responsible-investing/policies.

◆ Sustainability risks

Sustainability risks can be described as the risk arising from any environmental, social or governance events or conditions that,

were they to occur, could cause a material negative impact on the value of the investment.

For the investments held in the Sub-Funds, the Investment Adviser takes into consideration sustainability risks when taking investment decisions. Sustainability risks are defined as Environmental, Social or Governance ("ESG") factors that, if they occur, could cause an actual or a potential material negative impact on the value of an investment and/or returns from that asset. The Investment Adviser identifies any such sustainability risks and integrates them into its investment decision making and risk monitoring to the extent that they represent actual or potential material risks and/or opportunities to the long-term risk-adjusted returns of the Sub-Funds. This ESG integration takes place for all of the Sub-Funds and is outlined in detail in **Section 2.9 "Integration of Sustainability Risks into Investment Decisions and SFDR principles"**.

- **Environmental risks** reflect how a company or government performs as a steward of nature. For example, environmental risks include those posed by the exposure to issuers that may potentially be causing or affected by environmental degradation and/or depletion of natural resources. They will also include, but are not limited to, the ability of companies to mitigate and adapt to climate change, the potential for higher carbon prices, exposure to increasing water scarcity and potential for higher water prices, waste management challenges, depletion of freshwater and marine resources, loss of biodiversity and damage to ecosystems. Environmental risks may negatively affect the value of investments by impairing assets, productivity or revenues, or by increasing liabilities, capital expenditures, operating and financing costs.

- **Social risks** reflect how a company or government manages relationships with civilians, employees, suppliers, and the communities where they operate. They include, but are not limited to, customer satisfaction, data and privacy concerns, gender and diversity, employee welfare and engagement, human rights, labour standards, community relations, product safety, supply chain management, and increasing technological regulation. Social risks may negatively affect the value of investments by impairing assets, productivity or revenues, or by increasing liabilities, capital expenditures, operating and financing costs.

- **Governance risk** deals with a company or government's leadership. For companies, governance risk may result from malfunctioning boards, inadequate remuneration structures, abuses of minority shareholders or bondholders' rights, deficient controls, aggressive tax planning and accounting practices, or lack of business ethics. For countries, governance risk may include governmental instability, bribery and corruption, privacy breaches and lack of judicial independence. Governance risk may negatively affect the value of investments due to poor strategic decisions, conflicts of interest, reputational damages, increased liabilities or loss of investor confidence.

The impacts following the occurrence of a sustainability risk may be numerous and vary depending on the specific risk, asset

class and region. The assessment of the likely impact of sustainability risks on a Sub-Fund's return will therefore depend on the type of securities held in its portfolio. The following sustainability risks have been assessed as likely to have the following impacts on the returns from investments held by a Sub-Fund:

- **Equity and equity related securities:** sustainability risks may affect the price of a stock, result in the need to raise capital or impact the issuer's ability to pay a dividend.

- **Fixed income securities:** sustainability risks can affect the borrowers' cash flows and affect their ability to meet their debt obligations. Sustainability risks may also affect the credit quality or pricing of sovereigns and other government related issuers, and/or the value of currencies, through their impact on tax revenues, trade balance or foreign investment. Failure to effectively manage these risks can lead to deterioration in financial outcomes as well as a negative impact on society and the environment. For corporate and government issuers alike failure to manage sustainability risks can result in deterioration in the credit rating or pricing.

- **Other financial investments or exposures such as cash, near cash, money market instruments, foreign exchange rates and interest rates:** Sustainability risks impacting sovereigns and other government related issuers, and corporate issuers of money market instruments and near cash are similar to those affecting fixed income securities in terms of credit quality, pricing and/or the value of currencies. The placement of cash with counterparties and the receipt of collateral is also subject to sustainability risks which may impact the ability of the counterparty to meet its obligations, its capacity to offer cash placement and the value of collateral received. Sustainability risks impacting sovereigns or markets for which sovereigns consider themselves responsible may also affect foreign exchange rates and interest rates for currencies associated with such sovereign.

- **Derivatives:** the factors described above can also affect the performance of a derivative, as derivative contracts are typically expressed by reference to one of the assets above as their "underlying exposure". Such underlying exposure may be impacted by the sustainability risks described above that may impact the cash flows of the derivative transaction. The counterparties to derivatives may also be subject to sustainability risks which may impact the ability of the counterparty to meet its obligations of the underlying contract, which is usually reflected through its credit rating. The Investment Adviser uses a number of third party data providers such as credit rating agencies to identify sustainability risks and the potential impact on counterparties. Information on sustainability risks revealed by this research is incorporated in the Investment Adviser's credit analysis and investment decisions process.

- **Collective investment schemes:** the Sub-Funds may invest in other collective investment schemes and the factors described above can also affect the performance of a collective investment scheme providing exposure to such asset classes. In addition, sustainability risks may impact the manufacturer of

the collective investment scheme, reducing its ability to perform its obligations for such financial product.

Specific sustainability risks will vary for each Sub-Fund and asset class and will include, but not limited to, the following:

- **Transition Risk** is the risk posed by the exposure to issuers that may potentially be negatively affected by the transition to a low carbon economy due to their involvement in exploration, production, processing, trading and sale of fossil fuels, or their dependency upon carbon intensive materials, processes, products and services. Transition risk may result from several factors, including rising costs and/or limitation of greenhouse gas emissions, energy-efficiency requirements, reduction in fossil fuel demand or shift to alternative energy sources, due to policy, regulatory, technological and market demand changes. Transition risks may negatively affect the value of investments by impairing assets or revenues, or by increasing liabilities, capital expenditures, operating and financing costs.

- **Physical Risk** is the risk posed by the exposure to issuers that may potentially be negatively affected by the physical impacts of climate change. Physical risk includes acute risks arising from extreme weather events such as storms, floods, droughts, fires or heatwaves, and chronic risks arising from gradual changes in the climate, such as changing rainfall patterns, rising sea levels, ocean acidification, and biodiversity loss. Physical risks may negatively affect the value of investments by impairing assets, productivity or revenues, or by increasing liabilities, capital expenditures, operating and financing costs.

- **Stranded Assets Risk** – stranded assets can arise due to a variety of factors and are a phenomenon inherent in the 'creative destruction' of economic growth, transformation and innovation. They can pose a risk to a Sub-Fund since they may result in unanticipated or premature write-downs or devaluations of a Sub-Fund's assets and, in some cases, this may result in a conversion to liabilities. Climate change is expected to cause a significant increase in stranded assets for carbon-intensive industries and investors, with a potential ripple effect throughout the world economy.

2.6 Risks Pertaining to EPM and the use of FDIs

◆ Borrowing Risk

From time to time Sub-Funds may borrow money however, unless otherwise stated, any borrowing must only be on a temporary basis and is limited to 10% of the Sub-Fund's Net Asset Value. If the Sub-Fund makes additional investments while borrowings are outstanding this may be considered a form of leverage.

Increased portfolio transactions and the use of a line of credit are likely to increase a Sub-Fund's operating costs which in turn will decrease the Sub-Fund's investment performance. Maintenance of a higher level of cash balances is also likely to result in lower Sub-Fund investment performance during periods of rising markets.

◆ Currency Hedged Share Class Risk

Investors in Currency Hedged Share Classes should be aware that the Administration Agent (or other appointed parties) will implement a passive currency hedge regardless of currency fluctuations between the Reference Currency of the Currency Hedged Share Class and the Base Currency of the relevant Sub-Fund. The main financial derivative instruments used in the passive currency hedging process are forward foreign exchange contracts. Passive currency hedging is separate from other strategies the Investment Advisers may use to manage currency risks within each Sub-Fund.

The Administration Agent or other appointed parties cannot guarantee that they will be able to successfully implement passive currency hedging for Currency Hedged Share Classes at any time or at all. Although the aim is normally to maintain a hedge ratio from 99.5% to 100.5% there may be occasions when the hedge ratio falls outside these parameters. This may be due to factors which cannot be controlled such as investor trade activity, volatility in the NAV per Share and/or currency volatility.

Movements in currency exchange rates can materially impact investment returns. Investors should ensure they understand the difference between investment in Currency Hedged Share Classes and other non-hedged Share Classes.

Currency Hedged Share Classes may not be appropriate for investors whose Home Currency is different to the Reference Currency of the Currency Hedged Share Class. Investors who convert their Home Currency to the Reference Currency of a Currency Hedged Share Class and subsequently invest in such a Share Class may be exposed to higher currency risks and may suffer material losses as a result of exchange rate fluctuations between the Reference Currency of the Currency Hedged Share Class and their Home Currency.

Any transaction costs and gains or losses from currency hedging will be reflected in the NAV per Share of the relevant Currency Hedged Share Class. Currency Hedged Share Classes will be hedged irrespective of whether the target currency is declining or increasing in value.

◆ Investment Techniques

The Investment Adviser may employ techniques and instruments for efficient portfolio management purposes including, but not limited to, the techniques set out in **Appendix III. "Restrictions on Techniques & Instruments"**.

There is no guarantee that the Investment Adviser's expectations in employing these techniques and instruments are correct, and in the case they are not a Sub-Fund may suffer a substantial loss having an adverse effect on the Net Asset Value of the Shares.

◆ Hedging Risk

Any attempts to reduce or eliminate certain risks may not work as intended, and to the extent that they do work, they will

generally eliminate the potential for gains as well as the risks of loss. Any measures that the Sub-Fund takes that are designed to offset specific risks may work imperfectly, may not be feasible at times, or may fail completely. If no hedge exists, the Sub-Fund or Share Class will be exposed to all risks that the hedge would have protected against. The Sub-Fund may use hedging within its portfolio to hedge the currency exposure of the Share Class. Hedging involves costs, which reduce investment performance as well as the potential need to post Margin.

◆ Particular Risks of Financial Derivative Instruments

To increase access to financial markets in which direct investment is difficult, risky or expensive, the Investment Adviser may use FDIs. FDIs may be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk and may result in losses to a Sub-Fund. Where derivatives are used additional oversight and management is required, and a Sub-Fund will depend on the ability of the Investment Adviser to analyse and manage transactions in FDIs. The prices of FDIs may move in unexpected ways, especially in abnormal market conditions, so there can be no guarantee or assurance that their use will meet or assist in meeting the investment objectives of a Sub-Fund. Some FDIs are leveraged and therefore may magnify investment losses to the Sub-Fund. The reverse can be true where gains are made. Other risks arise from the potential inability to terminate or sell derivatives positions when desired as a liquid secondary market may not always exist.

There is a risk that agreements governing the FDIs techniques may be terminated earlier than anticipated, for example when a change takes place in the tax or accounting laws. In these circumstances additional costs may become payable by a Sub-Fund and may apply retrospectively. There is also a risk that agreements may not be legally enforceable in the event that the transactions in FDIs are not documented correctly.

Collateral Risk

Cash received as collateral may be invested by the Sub-Fund (e.g., in other eligible securities, including shares of a short term money market fund) but it is possible that the value of the return of the reinvested cash collateral will not be sufficient to cover the amount to be repaid to the counterparty. In this circumstance, the Sub-Fund would be required to cover the loss. Investing this cash subjects that investment, as well as the securities loaned, to market appreciation or depreciation and the risks associated with these investments, such as failure or default of the issuer of the relevant security.

As collateral will take the form of cash or certain financial instruments, market risk is also relevant.

Changing collateral requirements could result in higher operational risk and may increase underperformance risk if Sub-Funds are required to hold cash or increased levels of ancillary liquid and other eligible liquid assets.

Contingent Liability Transactions

Contingent liability transactions which are margined require a Sub-Fund to make a series of payments against the purchase price, instead of paying the whole purchase price immediately. If the Sub-Fund trades in futures, CFD or sells options, it may sustain a total loss of the margin it deposits with the broker to establish or maintain a position. If the market moves against the position taken by a Sub-Fund, the Sub-Fund may be called upon to pay substantial additional margin at short notice to maintain the position. If the Sub-Fund fails to do so within the time required, its position may be liquidated at a loss and the Sub-Fund will be liable for any resulting deficit. Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when the contract was entered into. Contingent liability transactions which are not traded on or under the rules of a recognised or designated investment exchange may expose the Sub-Fund to substantially greater risks.

Contracts for Difference

Futures and options contracts can also be referred to as and include contracts for differences ("CFD's"). These can be options and futures on any index, as well as currency and interest rate swaps. However, unlike other futures and options, these contracts can only be settled in cash. Investing in CFD carries the same risks as investing in a future or option. Transactions in CFD may also have a contingent liability and an investor should be aware of the implications of this as set out below.

Correlation Risk

Although the Investment Adviser believes that taking exposure to underlying assets through the use of FDI will benefit Shareholders in certain circumstances, due to reduced operational costs and other efficiencies which investment through FDI can bring, there is a risk that the performance of the Sub-Fund will be imperfectly correlated with the performance which would be generated by investing directly in the underlying assets.

(OTC) Counterparty Risk

The Company on behalf of a Sub-Fund may enter into transactions in over-the-counter markets, which will expose the Sub-Fund to the creditworthiness of its counterparties and their ability to satisfy the terms of the contracts. For example, it may enter into forward contracts, options and swap arrangements or other derivative techniques, each of which expose the Sub-Fund to the risk that the counterparty may default on its obligations. In the event of a bankruptcy or insolvency of a counterparty the Sub-Fund could experience delays in liquidating the position and suffer significant losses. While the Company will seek to enforce its rights under the contracts it may be unable to realise any gains on its investment during this

time and will incur additional fees and expenses that will subsequently be charged to the relevant Sub-Fund.

There is also a possibility that the above agreements and associated derivative techniques are terminated, for example, due to bankruptcy or where there is a change in tax or accounting laws affecting the original terms of the agreement.

Derivative contracts entered into by the Company on behalf of a Sub-Fund also involve counterparty credit risk. Where the Sub-Fund is fully exposed to the creditworthiness of a single approved counterparty and this exposure is collateralised, this may result in the loss of the Sub-Fund's entire investment. However, to limit this risk, transactions are normally only entered into with counterparties which are believed to be sufficiently creditworthy, unless they provide margin, collateral, letters of credit or other credit enhancements.

While the Investment Adviser believes that the Company will be able to establish the necessary counterparty relationships to permit it to effect OTC transactions, there can be no assurance that it will be able to do so. An inability to establish these relationships would limit the Company's activities and could require it to conduct a more substantial portion of its activities in the futures markets. Moreover, the counterparties with which the Company expects to establish relationships will not be obligated to maintain the credit lines extended to it, and could decide to reduce or terminate these at their discretion.

Credit Default Swap Risk

Credit default swaps ("CDS") provide a measure of protection against defaults of debt issuers. A Sub-Fund's use of CDS does not assure their use will be effective or will have the desired result.

If the Sub-Fund buys a CDS and no credit event occurs the Sub-Fund's losses will be limited to the periodic stream of payments over the term of the contract. If the Sub-Fund sells a CDS it will receive a fixed rate of income throughout the term of the contract, provided that there is no credit event. If a credit event does occur, it must pay the buyer the full notional value of the underlying debt security even if it has little or no market value.

As a buyer of CDS the Sub-Fund is exposed to the risk that CDS counterparties will not be able to meet their obligations, and in the event of default there is no guarantee that the Sub-Fund will succeed in recovering the payments owed. As a seller of a CDS the Sub-Fund is exposed to non-payment of the periodic stream of payments over the term of the contract and to the full notional value of the underlying debt security in the event of a credit event.

CDS may trade differently from the underlying debt security. In adverse market conditions, the difference between the spread on bonds and the spread on CDS can be significantly more volatile.

Forward Contracts

The Investment Adviser may enter into forward contracts and options on behalf of a Sub-Fund which are not traded on exchanges and are generally not regulated. There are no limitations on daily price moves of forward contracts. Banks and other dealers that a Sub-Fund may maintain accounts with may require the Sub-Fund to deposit margin with respect to such trading. The Sub-Funds' counterparties are not required to continue to make markets in forward contracts and therefore these contracts can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain counterparties have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread (the price at which the counterparty is prepared to buy and that at which it is prepared to sell). Arrangements to trade forward contracts may be made with only one or a few counterparties, and liquidity problems therefore might be greater than if those arrangements were made with numerous counterparties. Governmental authorities might also limit forward trading to less than the Investment Adviser would wish to enter into, which may be detrimental to the performance of a Sub-Fund. Market illiquidity or disruption could result in major losses to a Sub-Fund. In addition, a Sub-Fund may be exposed to credit risks with regard to counterparties they trade with as well as risks relating to settlement default. These risks could result in substantial losses to a Sub-Fund.

Futures and Other Exchange Traded Derivatives

Positions in futures contracts and other exchange-traded derivatives may be closed out only on an exchange which provides a Secondary Market. However, there can be no assurance that a liquid Secondary Market will exist at any given time. This means it may not be possible to close a position when desired or when it is in the interest of the Sub-Fund to do so. In such situations and in the event of adverse price movements, a Sub-Fund would continue to be required to make daily cash payments to maintain its required margin. If a Sub-Fund has insufficient cash to meet daily margin requirements, it may have to sell portfolio securities when it may be disadvantageous to do so.

The risk of loss in trading futures contracts can be substantial, due to the low margin deposits required and the extremely high degree of leverage involved. As a result, a relatively small movement in the price of the underlying security may result in a disproportionately large movement, favourable or unfavourable, in the price of the futures contract. A purchase or sale of a futures contract may result in losses in excess of the amount of investment in the contract. There can be no guarantee that the Investment Adviser will correctly predict future stock market trends.

Exchanges or futures markets may also suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. This could prevent

the Investment Adviser from promptly liquidating unfavourable positions which may lead to substantial losses or prevent the Sub-Fund from realising a gain. This could also impair a Sub-Fund's ability to withdraw its investments in order to make distributions to a redeeming Shareholder in a timely manner.

There is also a risk that a Sub-Fund may be required to deliver the instruments underlying futures contracts or other exchange-traded derivatives it holds.

There is also a risk of loss by a Sub-Fund of margin deposits in the event of bankruptcy of a broker with whom a Sub-Fund has an open position in a futures contract or related option.

Legal Risk

Unlike exchange-traded options, which are standardised with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of OTC FDI, are generally established through negotiation with the other party to the instrument. While this type of arrangement allows a Sub-Fund greater flexibility to tailor the instrument to its needs, OTC FDI may involve greater legal risk than exchange-traded instruments, as there may be a risk of loss if OTC FDI are deemed not to be legally enforceable or are not documented correctly.

There also may be a legal or documentation risk that the parties to the OTC FDI may disagree as to the proper interpretation of its terms. If a dispute occurs, the cost and unpredictability of the legal proceedings required for a Sub-Fund to enforce its contractual rights may lead the Sub-Fund to decide not to pursue its claims under the OTC FDI. The Sub-Fund therefore assumes the risk that it may be unable to obtain payments owed to it under OTC arrangements, that those payments may be delayed or made only after the Sub-Fund has incurred the costs of litigation.

Liquidity Risk

Liquidity risk exists when a particular instrument is difficult to purchase or sell. Derivative transactions that are particularly large, or traded off market (i.e. OTC), may be less liquid and therefore not readily able to be adjusted or closed out. Where it is possible to buy or sell, this may be at a price that differs from the price of the position as reflected in the valuation.

Options Risk

Transactions in options carry a high degree of risk. Selling an option generally entails greater risk than purchasing an option. Although the premium, which is the price that an option buyer pays to the seller for the right to buy or sell an underlying asset at a predetermined price within a specific period, received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller

holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

Because option premiums paid or received by a Sub-Fund will be small in relation to the market value of the underlying investment, trading in options could cause a Sub-Fund's Net Asset Value to be subject to more frequent and wider fluctuations than would be the case if a Sub-Fund did not use options. No assurance can be given that a Sub-Fund will be able to close out a position at a time when it wishes to do so, meaning it may be required to hold assets that it might otherwise have sold. In these circumstances the Sub-Fund would continue to be exposed to market risk and could have higher transaction costs.

Volatility

The price of a financial derivative instrument can be very volatile. This is because a small movement in the price of the underlying security, index, interest rate or currency may result in a substantial movement in the price of the financial derivative instrument. Investment in financial derivative instruments may result in losses in excess of the amount invested.

◆ Leverage Risk

Leverage can be introduced through the use of financial derivative instruments or borrowed money to increase the potential return of an investment. A Sub-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.

◆ Short Sale Risk

The Sub-Fund may take short positions through the use of derivatives which are not backed by equivalent physical assets. Short positions reflect an investment view that the price of the underlying asset will fall in value. If this view is incorrect and the asset rises in value, the short position could result in unlimited losses due to the theoretical possibility of an unlimited rise in the market price of the asset. However, shorting strategies are actively managed by the Investment Adviser to mitigate the risk of substantial losses.

2.7 Risks Pertaining to Investment in Specific Countries or Sectors

◆ Impact of Natural or Man-Made Disasters

Certain regions are at risk of being affected by natural disasters or catastrophic natural events. Considering that the development of infrastructure, disaster management planning agencies, disaster response and relief sources, organized public funding for natural emergencies, and natural disaster early warning technology may be immature and unbalanced in certain countries, the natural disaster toll on an individual portfolio company or the broader local economic market may be significant. Prolonged periods may pass before essential communications, electricity and other power sources are

restored and operations of the portfolio company can be resumed. A Sub-Fund's investments could also be at risk in the event of such a disaster.

The magnitude of future economic repercussions of natural disasters may also be unknown, may delay a Sub-Fund's ability to invest in certain companies, and may ultimately prevent any investment entirely.

Investments may also be negatively affected by man-made disasters. Publicity of man-made disasters may have a significant negative impact on overall consumer confidence, which in turn may materially and adversely affect the performance of a Sub-Fund's Investments, whether or not they are involved in the man-made disaster.

Outbreaks of infectious diseases may also have a negative impact on the performance of a Sub-Fund. For example, an infectious respiratory disease caused by a novel coronavirus known as COVID-19 detected in December 2019 gave rise to an extended global pandemic which led to borders closing, restrictions on movement of people, quarantines, cancellations of transportation and other services, disruptions to supply chains, businesses and customer activity, as well as general concern and uncertainty.

Other epidemics and pandemics may arise in the future, however it is not possible to predict the effect that any such event may have or how long it will last. In addition, the impact of infectious diseases in certain emerging developing or emerging market countries may be greater due to less established health care systems, as was the case with COVID-19. Health crises caused by infectious diseases may exacerbate other pre-existing political, social and economic risks in certain countries.

These events could increase volatility and the risk of loss to the value of your investments.

◆ India (Investment in India)

For Sub-Funds that invest in or are exposed to investment in India, the following risk warnings are important:

- ◆ India is located in a part of the world that has historically been prone to natural disasters such as earthquakes, volcanoes and tsunamis and is economically sensitive to environmental events. In addition, the agricultural sector is an important component of the Indian economy and adverse weather may have a significant negative effect on the Indian economy.
- ◆ India has experienced a process of privatisation of certain entities and industries. If the newly privatised companies are unable to adjust quickly to a competitive environment or to changing regulatory and legal standards, investors in these newly privatised entities could suffer losses and this could adversely affect the performance of the Indian market.
- ◆ The Indian economy is dependent on commodity prices, which can be volatile and this poses risk of macroeconomic instability. The Indian economy is also dependent on the economies of Asia, mainly Japan and China, and the United States as key trading partners. Reduction in spending on Indian products and services by any of these trading partners or a slowdown or recession in any of these economies could adversely affect the Indian economy.
- ◆ India has experienced acts of terrorism and has strained international relations with Pakistan, Bangladesh, China, Sri Lanka and other neighbours due to territorial disputes, historical animosities, terrorism and other defence concerns. These situations may cause uncertainty in the Indian market and may adversely affect performance of the Indian economy.
- ◆ Disparities of wealth, the pace of economic liberalisation and ethnic, religious and racial disaffection may lead to social turmoil, violence and labour unrest in India. In addition, India continues to experience religious and border disputes as well as separatist movements in certain Indian states. Unanticipated political or social developments may result in investment losses.
- ◆ The Indian government has experienced chronic structural public sector deficits. High amounts of debt and public spending may stifle Indian economic growth, cause prolonged periods of recession or lower India's sovereign debt rating.
- ◆ Indian disclosure and regulatory standards are in many respects less stringent than standards in certain OECD countries. There may be less publicly available information about Indian companies than is regularly published by or about companies in other countries. A Sub-Fund may experience difficulties in obtaining reliable information regarding any corporate actions and dividends of companies in which a Sub-Fund has directly or indirectly invested. Indian accounting standards and requirements also differ in significant respects from those applicable to companies in many OECD countries.
- ◆ A Sub-Fund, the market price and the liquidity of the Shares may be affected generally by exchange rates and controls, interest rates, changes in Indian governmental policy, taxation, social and religious instability and other political, economic or other developments in or affecting India.
- ◆ Although the Indian primary and secondary equity markets have grown rapidly and the clearing, settlement and registration systems available to effect trades on the Indian stock markets have significantly improved with mandatory dematerialisation of shares, these processes may still not be equivalent to those in more mature markets. Problems of settlement in India may impact on the Net Asset Value and the liquidity of a Sub-Fund.

- ◆ Securities and Exchange Board of India ("SEBI") was created under the resolution of the Government of India in April 1992, and performs the function of "promoting the development of and regulation of the Indian securities market, the protection of the interest of Shareholders as well as matters connected therewith and incidental thereto".

The Securities and Exchange Board of India Act of 1992 has entrusted the SEBI with much wider powers and duties, which includes prohibition of fraudulent and unfair trade practices relating to the stock markets including insider trading and regulation of substantial acquisitions of shares and takeovers of companies. The Indian stock exchanges have been subject to broker defaults, failed trades and settlement delays in the past and these events may have an adverse impact on the Net Asset Value of a Sub-Fund.

In addition, in the event of occurrence of any of the above events, or in the event of SEBI having reasonable ground to believe that the transactions in securities are being dealt with in a manner detrimental to the investors or the securities market, SEBI can impose restrictions on trading in certain securities, limitations on price movements and margin requirements, which could adversely impact the liquidity of a Sub-Fund.

- ◆ A disproportionately large percentage of market capitalisation and trading value in the Indian stock exchanges is represented by a relatively small number of issuers. There is a lower level of regulation and monitoring of the Indian securities market and the activities of investors, brokers and other participants as compared to certain OECD markets. It may therefore be difficult to invest a Sub-Fund's assets so as to obtain a representative portfolio or to realise the Sub-Fund's investments at the places and times that it would wish to do so.

Indian Taxation

- ◆ Capital Gains Tax ("CGT")

Indian capital gains tax applies on transfer of Indian securities. Any capital gains tax calculable as a result of portfolio transactions relating to redemptions will be dealt with in accordance with the definition of "Duties and Charges" and may result in an additional spread. This may reduce the net proceeds received for the redemption. Any capital gains tax incurred as a result of portfolio transactions that is not related to redemptions (e.g. rebalancing) will be borne by the respective Sub-Fund.

As per the Indian tax laws, tax is levied on the gains arising from the transfer of listed or unlisted securities in India. Capital gains can be classified as "**short term capital gains**" ("STCG") or "**long-term capital gains**" ("LTCG"), depending on the period for which securities are held (i.e., period of holding of securities):

Type of instrument	Period of holding	Characterisation
Listed securities / Unit of equity-oriented Fund / Notified Zero Coupon Bonds	More than 12 months	Long Term Capital Asset
	12 months or less	Short Term Capital Asset
	More than 24 months	Long Term Capital Asset
Unlisted shares	24 months or less	Short Term Capital Asset
Units of specified Mutual funds (acquired before 1 April 2023)	More than 24 months	Long Term Capital Asset
	24 months or less	Short Term Capital Asset
Units of specified Mutual funds (acquired on or after 1 April 2023)*	N.A.	Short Term Capital Asset
Unlisted bonds and debenture	N.A.	Short Term Capital Asset

*Specified mutual fund means (a) a Mutual Fund by whatever name called, which invests more than 65% of its total proceeds in debt and money market instruments; or (b) a fund which invests 65% or more of its total proceeds in units of a fund referred to in (a).

Further, Securities Transaction Tax ("STT") is levied on the securities which are traded on the floor of a recognised stock exchange in India or unlisted securities subsequently listed on a recognised stock exchange.

Such capital gains are subject to tax for the FPI in the following manner:

Type of security	Period of holding	Nature of income	Tax rate
Listed Equity shares and units of equity-oriented MF [Securities Transaction Tax (STT) Paid]	12 months or less	STCG	20%
	More than 12 months	LTCG < INR 1.25 lakh (on or after 23 July 2024)	12.5%

Unlisted Equity shares	24 months or less	STCG	30%
	More than 24 months	LTCG	10%
Listed bonds or listed debentures (other than notified ZCBs)	12 months or less	STCG	30%
	More than 12 months	LTCG	10%
Unlisted bonds or unlisted debentures	Sold on or after 23 July 2024 - Period of holding is not applicable	STCG	30%
	Sold before 23 July 2024 – More than 36 months	LTCG	NA
Units of specified mutual fund (acquired before 1 April 2023)	24 months or less	STCG	NA
	More than 24 months	LTCG	NA
Units of specified mutual fund (acquired on or after 1 April 2023)	NA	STCG	30%

The above tax rates should be increased by applicable surcharge and cess.

◆ Dividend/Interest Income Tax ("IIT")

Dividend/Interest income arising from Indian securities will in principle be subject to income tax at the rate of 20% on gross dividend/interest (plus applicable surcharge and education cess).

The Company, after seeking professional advice, may decide to make, or not to make, any tax provisions in respect of a Sub-Fund. Even if tax provisions are made, these provisions may be more (or less) than a Sub-Fund's actual Indian tax liabilities and it is possible that any tax provisions made by the Company may be insufficient. In case of a difference between the Sub-Fund's provision for taxes and its actual Indian tax liabilities, the relevant amounts shall be credited to (or debited from) the Sub-Fund's assets. As a result, the income from, and/or the performance of, the Sub-Fund may be adversely affected and the impact on individual Shareholders of the Sub-Fund

may vary, depending on factors such as the level of the Sub-Fund's provision for taxes and the amount of the difference at the relevant time and when the relevant Shareholders subscribed for and/or redeemed their Shares in the Sub-Fund.

Any tax provision, if made by the Company, will be reflected in the Net Asset Value of the relevant Sub-Fund at the time of debit or refund and thus will only impact on Shares which remain in the Sub-Fund. Shares which are redeemed prior to this time will not be affected by any debit of insufficient tax provisions nor benefit from any refund of excess tax provisions. Shareholders who have redeemed their Shares in the -Sub-Fund before the distribution of any excess provision will not be entitled to claim any part of the withholding amounts relating to such excess provision distributed to the Sub-Fund. In the event the Company considers it necessary to adopt any tax provision (whether in respect of CGT, tax on interest/dividend or any other applicable tax regulation/laws in India) on a retrospective basis, the prevailing and/or future Net Asset Value of the Sub-Fund may be negatively impacted. The magnitude of any negative impact on the performance of the Sub-Fund may not correspond to the gains over an investor's holding period.

Currently, the tax provision policy of the Company is to fully provide for both CGT and tax on interest/dividend (on a cash or realised basis) where it is not already withheld at source. This tax provision liability will be reflected in the Net Asset Value of the Sub-Fund.

The Company will review and make adjustments to its tax provision policy when necessary and as soon as practicable upon issuance of further notices or clarification issued by the Indian tax authority in respect of the application of CGT, tax on interest/dividend and/or any other applicable tax regulations/laws and the respective implementation rules.

Current tax laws, rules, regulations and practice in India and/or the current interpretation or understanding thereof may change in the future and any changes may have retrospective effect. Any changes, even if made retrospectively, will only impact those investors whose Shares are held in the relevant Sub-Fund at the change is actually made. This means that the Sub-Fund could become subject to additional taxation that is not anticipated when the relevant investments are made, valued or disposed of. Any increased tax liabilities on the relevant Sub-Fund may adversely affect the Sub-Fund's Net Asset Value and may reduce the income from, and/or the value of, the relevant investments in the Sub-Fund. While any such reduction will not be borne by those investors who have already redeemed their Shares, such investors will equally not benefit from any potential repayment.

Investors should consult their own tax advisors regarding the possible implications of CGT and tax on interest/dividend on the value of their holdings.

INR Currency and Exchange Risk

The INR is not freely convertible and is subject to exchange controls and certain requirements by the government of India. These controls are subject to change and may adversely impact the INR exchange rate which may impact the Net Asset Value of the Sub-Fund.

Non-INR based investors are exposed to foreign exchange risk and there is no guarantee that the value of INR against the investors' Home Currency will not depreciate. Any depreciation of INR could adversely affect the value of investor's investment in a Sub-Fund.

Under exceptional circumstances, payment of redemptions and/or distribution payments in INR may be delayed due to the exchange controls and restrictions applicable to INR.

Investing in Indian Debt Securities

In order to invest in debt securities of the Indian Government and/or Indian companies, the Sub-Fund must hold a FPI/sub-account license, which is issued by the SEBI. The total outstanding FPI investments in Government bonds and in corporate bonds cannot exceed the limits as allotted by SEBI.

These limits are allocated to FPI license holders through auction processes and/or applications submitted directly to regulators. The Sub-Fund may not be granted any quota to invest in these markets. In this case, the Sub-Fund may be closed to new subscriptions as the monies from new subscriptions could not be invested by the Investment Adviser.

Simultaneously, there are periods of time once allocations are made available for FPI license/sub-account holders to make the investment effective. These depend on the type of security (government or corporate) and the method used to obtain the allocation (auction process or application). Limits that had been allocated and not made effective within such periods may be lost.

Limitations on Investments

The Sub-Fund's debt investments cannot exceed the limits as allotted by SEBI. FPIs cannot explicitly invest in INR denominated Certificates of Deposits or Fixed Deposits issued by banks in India.

Investment by FPIs is restricted to primary and secondary market securities (including listed or to be listed shares, debentures and warrants of companies), listed and unlisted domestic mutual funds and Collective Investment Schemes, derivatives traded on a recognised stock exchange, treasury bills, government securities, commercial papers, various types of debt instruments and units in debt funds, Depository Receipts and other instruments specified by the SEBI. Securities lending is also allowed as per the SEBI Regulations. Further

requirements exist in respect of transactions in the secondary market.

There are certain investment conditions and restrictions that an FPI must comply with including not exceeding investment of 10% of a company's issued capital. The SEBI may introduce further limitations or restrictions on the foreign ownership of securities in India, which may have adverse effects on the liquidity and the performance of a Sub-Fund. Any limitations and restrictions may restrict a Sub-Fund's ability to acquire the securities of one or more constituents of its Reference Benchmark in accordance with the relevant weightings of the Benchmark and therefore may impact on a Sub-Fund's ability to closely track the performance of its Reference Benchmark.

In order to invest physically in Indian securities, a Sub-Fund is required to be registered as a Category II FPI under the SEBI Regulations. In order to be registered as a Category II FPI, each Sub-Fund is required to demonstrate that it satisfies the following broad based criteria:

(i) The Sub-Fund must have a minimum of 20 investors including direct investors and underlying investors in pooling vehicles.

(ii) No investor shall hold over 49% of the Shares or value of the Sub-Fund. Institutional Investors who hold over 49% of the Shares or value of the Sub-Fund must themselves comply with broad based criteria. Underlying beneficial owners who hold over 25% of the Shares or value of the Sub-Fund are required to provide their consent to the FPI registration, and to that end have their client information disclosed to the relevant depository participant and SEBI.

If investors in a Sub-Fund do not meet the above criteria or disclosure requirement, the Sub-Fund may lose its FPI license and may no longer be able to invest physically in Indian securities. This means it may not be possible for a Sub-Fund to achieve its investment objective if consent is required and not provided.

Loss of FPI Registration

The Sub-Fund will seek to register with SEBI as a sub-account of the Company, which is in turn registered as an FPI. In order to invest in certain securities in India, it is necessary for the Company to be registered as an FPI and the Sub-Fund as its sub-account. In the event this registration is terminated or is not renewed the Sub-Fund could potentially be forced to redeem the investments held in the Sub-Fund. Any forced redemption could adversely affect the returns to the Shareholders, unless the approval of SEBI has been obtained to transfer the sub-account to another FPI or the Sub-Fund registers itself with SEBI as an FPI.

◆ Japan (Investment in Japan)

Japan is located in a part of the world that has historically been prone to natural disasters such as earthquakes, volcanoes, and tsunamis, and is economically sensitive to environmental events. In addition, the nuclear power plant catastrophe in

March 2011 may have short-term and long-term effects on the nuclear energy industry, the extent of which are currently unknown. As with other countries, Japan may be subject to political and economic risks. Political developments may lead to changes in policy which might adversely affect a Sub-Fund's investments.

The Japanese economy is heavily dependent on foreign trade and can be adversely affected by trade tariffs and other protectionist measures. In addition, some Japanese reporting, accounting and auditing practices vary from the accounting principles generally accepted in other developed countries. Any of these risks could result in a significant adverse impact on the Japanese economy and the securities that a Sub-Fund holds and, in turn, result in a loss to your investment.

◆ Risks Associated with the People's Republic of China ("PRC")

Chinese Markets Risk

Investing in emerging markets such as the PRC subjects a Sub-Fund to a higher level of market risk than investments in a developed country. This is due to, among other things, greater market volatility, lower trading volume, political and economic instability, settlement risk, greater risk of market shut down and more governmental limitations on foreign investment than those typically found in developed markets.

Investors should be aware that for more than 50 years, the Chinese government has adopted a planned economic system. Since 1978, the Chinese government has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the Chinese economy. Such reforms have resulted in significant economic growth and social progress.

On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of RMB to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. There can be no assurance that such exchange rate will not fluctuate widely against the USD, HKD or any other foreign currency in the future. Any appreciation of RMB will increase the value of any income that a Sub-Fund may receive from its PRC investments and the value of investments, which will be reported in the currency, and vice versa.

Many of the economic reforms in China are unprecedented or experimental and are subject to adjustment and modification, and such adjustment and modification may not always have a positive effect on investment in the companies in China.

The national regulatory and legal framework for capital markets and joint stock companies in China is not well developed when compared with those of developed countries.

Under the prevailing tax policy in China, there are certain tax incentives available to foreign investment. There can be no

assurance, however, that the aforesaid tax incentives will not be abolished in the future.

Investments in China will be sensitive to any significant change in political, social or economic policy in China. Such sensitivity may, for the reasons specified above, adversely affect the capital growth and thus the performance of these investments.

Accounting and Reporting Standards

PRC companies are required to follow PRC accounting standards and practice which, to a certain extent, follow international accounting standards. However, the accounting, auditing and financial reporting standards and practices applicable to PRC companies may be less rigorous, and there may be significant differences between financial statements prepared by accountants following the PRC accounting standards and practice and those prepared in accordance with international accounting standards. For example, there are differences in the valuation methods of properties and assets and in the requirements for disclosure of information to investors which may result in non-disclosure of certain material information of the investee entities the Investment Adviser invest in for the account of a Sub-Fund.

As the disclosure and regulatory standards in China are less stringent than in more developed markets, there might be substantially less publicly available information about Chinese issuers. Therefore, disclosure of certain material information may not be made, and less information may be available to the Investment Adviser and other investors.

Taxation in the PRC

The Investment Adviser may decide to make or not to make any tax provisions in respect of a Sub-Fund. Even if tax provisions are made, such provisions may be more than or less than a Sub-Fund's actual PRC tax liabilities and it is possible that such tax provisions made by the Investment Adviser may be insufficient. In case of a difference between a Sub-Fund's provision for taxes and its actual PRC tax liabilities, the relevant amounts shall be credited to or debited from the Sub-Fund's assets (as the case may be). As a result, the income from, and/or the performance of, the relevant Sub-Fund may be affected/ adversely affected and the impact/degree of impact on individual Shareholders of the Sub-Fund may vary, depending on factors such as the level of the Sub-Fund's provision for taxes (if any) and the amount of the difference at the relevant time and when the relevant Shareholders subscribed for and/or redeemed their Shares in the Sub-Fund.

Any tax provision, if made by the Investment Adviser, will be reflected in the NAV of the relevant Sub-Fund at the time of debit or refund and thus will only impact on Shares which remain in such Sub-Fund at that time. Shares which are redeemed prior to such time will not be affected by any debit of insufficient tax provisions. Likewise, such Shares will not benefit from any refund of excess tax provisions. Investors should note that no Shareholders who have redeemed their

Shares in a Sub-Fund before the distribution of any excess provision shall be entitled to claim in whatsoever form any part of the withholding amounts distributed to the Sub-Fund, which amount would be reflected in the value of Shares in the Sub-Fund. In the event the Investment Adviser considers it necessary to adopt any tax provision (whether in respect of the PRC Enterprise Corporate Income Tax Law or any other applicable tax regulation/laws in the PRC) on a retrospective basis, the prevailing and/or future NAV of the Sub-Fund may be negatively impacted. The magnitude of such potential negative impact on the performance of the relevant Sub-Fund may not correspond to the gains over an investor's holding period due to the retrospective nature.

The Investment Adviser will review and make adjustments to its tax provision policy as and when it considers necessary from time to time and as soon as practicable upon issuance of further notices or clarification issued by the PRC tax authority in respect of the application of the PRC Enterprise Corporate Income Tax and/or any other applicable tax regulations/laws and the respective implementation rules.

There is a possibility that the current tax laws, rules, regulations and practice in Mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. A Sub-Fund could become subject to additional taxation that is not anticipated as at the date hereof or when the relevant investments are made, valued or disposed of. Any increased tax liabilities on the relevant Sub-Fund may adversely affect the Sub-Fund's net assets and may reduce the income from, and/or the value of, the relevant investments in the Sub-Fund.

Corporate Income Tax ("**CIT**") - Currently, in respect of debt securities, except for interests derived from government bonds and local government bonds which are exempt from PRC CIT, a 10% withholding income tax is technically payable on interests derived from fixed income instruments issued and borne by PRC resident corporate entities (including those issued and borne by foreign enterprises but deemed as PRC tax resident) by a foreign investor which is deemed as a non-resident enterprise without permanent establishment in China for PRC CIT purposes. The entity distributing such interests is required to withhold such tax. If the foreign corporate investor is a tax resident of a country that has signed a tax treaty with China with a reduced treaty rate on interest income, it may submit a self-claim form (called record filing form Information Reporting Form for Non-resident Taxpayer Claiming Treaty Benefits) when filing the tax return by itself or through a withholding agent) to enjoy the reduced PRC CIT rate under the tax treaty however, this is subject to post-submission review and discretion by the in-charge PRC tax authority.

Pursuant to Caishui [2016] NO. 36 ("**Circular 36**" which provides the detailed implementation guidance on the further rollout of the VAT reform to sectors such as construction, real estate, financial services and lifestyle services), interest income derived from bonds issued by PRC resident companies should

technically be subject to 6% VAT plus surcharges from 1 May 2016, unless specifically exempted. Interest received from PRC government bonds and local government bonds are exempt from VAT.

Before the full transformation of business tax to value-added tax reform) ("**BT**" to "**VAT**" reform), there was a lack of clarity under BT regulations but the State Taxation Administration of the People's Republic of China ("**STA**") has interpreted that such interest income should be technically subject to 5% BT. However, in practice, the PRC tax authorities did not enforce the collection of BT. Under the VAT regime, Circular 36 provides that the PRC payer of such interest shall withhold VAT when paying such interest to non-resident recipients. However, in practice, the PRC payers have not withheld VAT and the PRC tax authorities have not enforced the collection of VAT on such interest. In November 2018, the Ministry of Finance ("**MOF**") and the STA jointly issued [Caishui [2018] No. 108] ("**Circular 108**") which provides that foreign institutional investors are exempted from Mainland China CIT and VAT in respect of bond interest income received from 7 November 2018 to 6 November 2021 from investments in the Mainland China onshore bond market. Then in November 2021 MOF and STA issued Public Notice ("**PN**") 34 to extend the tax exemption to 31 December 2025.

Capital gains - There are no specific tax rules governing the PRC CIT on capital gains derived by foreign investors from the trading of debt securities in the PRC.

On 8 November 2017, the People's Bank of China ("**PBOC**") released Operational Procedures for "Overseas Institutional Investors to Enter China's Interbank Bond Market" under which capital gains realized by overseas institutional investors through CIBM direct scheme is temporarily exempt from CIT.

In relation to trading debt securities via Bond Connect, no specific rule or guidance has currently been issued by the PRC tax authorities on the tax treatment. Consequently, the tax treatment is even less certain and so, in the absence of such specific rules, the expectation is that the PRC CIT treatment (or any other tax treatment) will be governed by the general tax provisions of the existing PRC domestic tax legislation.

Based on the current interpretation of the STA and professional tax advice, the Company does not intend to provide for any PRC CIT in respect of the capital gains derived by a Sub-Fund from disposal of debt securities in the PRC. In light of the uncertainty on the CIT treatment on capital gains on debt securities trading in the PRC and for the purpose of meeting this potential tax liability of a Sub-Fund for capital gains from debt securities in the PRC, the Management Company reserves the right to provide for CIT (or any other tax) on such gains or income and withhold the tax from the account of a Sub-Fund based on new developments and interpretation of the relevant regulations (after taking professional tax advice).

Pursuant to Circular 36, gains realised from the trading of marketable securities in the PRC would generally be subject to

VAT at 6% plus local surcharge, unless specifically exempted. Pursuant to Caishui [2016] NO, which is a supplementary notice to Circular 36, gains realised by overseas institutional investors recognized by the PBOC from the trading of CIBM bonds are exempt from VAT.

VAT Surcharges - If VAT is payable on interest income and/or capital gains, there are also surcharges (which include city construction and maintenance tax, education surcharge, local education surcharge) to be charged on top of the 6% VAT payable. There may also be other levies imposed in some locations. Pursuant to the new PRC Urban Maintenance and Construction Tax Law and MOF STA PN [2021] 28, the VAT Surcharges (e.g. Urban Maintenance and Construction Tax, Educational Surcharge and Local Educational Surcharge) is no longer levied on the amount of VAT payable by an overseas entity starting since 1 September 2021. Therefore, no VAT surcharges on the debt securities interest/capital gain VAT (if any) is paid by overseas investors.

RMB Currency and Exchange Risk

Investors should be aware of the fact that RMB is subject to a managed floating exchange rate based on market supply and demand with reference to a basket of currencies. Currently, the RMB is traded in two markets: one in Mainland China, and one outside Mainland China (primarily in Hong Kong). The RMB traded in Mainland China is not freely convertible and is subject to exchange controls and certain requirements by the government of Mainland China. The RMB traded outside Mainland China, on the other hand, is freely accessible to any person or entity for any purpose.

Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' Home Currency will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in a Sub-Fund.

Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.

In calculating the value of the investments denominated in RMB, the Investment Adviser will normally apply as appropriate the exchange rate for RMB traded outside or in Mainland China. The rate of the RMB traded outside Mainland China may be at a premium or discount to the exchange rate for RMB traded in Mainland China and there may be significant bid and offer spreads.

Under exceptional circumstances, payment of redemptions and/or distribution payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

In addition, there may be liquidity risk associated with RMB products, especially if such investments may not have an active secondary market and their prices subject to significant bid and offer spread.

Particular Risks of Investment in China A Shares

Certain Sub-Funds may invest in securities or instruments which have exposure to the Chinese market. A Sub-Fund may have direct access to certain eligible China A Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (the "**Stock Connects**").

MOF, SAT and the China Securities Regulatory Commission ("**CSRC**") jointly released Caishui [2014] No.81 dated 31 October 2014 defining that dividends from A-share investments by investors from the Hong Kong market are not subject to the differentiation tax policies based on the shareholding period for the time being, but subject to a 10% CIT withholding by the listed company before HKSCC is able to provide details on identities and shareholding periods of investors to the CSDCC from 17 November 2014. However, investors from the Hong Kong market may apply to the relevant tax authorities for tax relief in respect of dividend payments under any applicable bilateral treaties/arrangements on the avoidance of double taxation signed between the PRC and their resident jurisdictions. The same circular (Caishui [2014] No. 81) grants temporary exemption from CIT and BT for the gains arising from the sale of A-shares of a company listed on the Shanghai Stock Exchange and traded through Shanghai-Hong Kong Stock Connect, effective 17 November 2014. Circular 36 grants temporary VAT exemption on gains arising by Hong Kong market investors from trading A-shares listed on the Shanghai Stock Exchange and traded through the Shanghai-Hong Kong Stock Connect. On 5 November 2016, MOF, STA and CSRC jointly issued Caishui [2016] No. 127, which provides that since 5 December 2016, Hong Kong market investors are temporarily subject to CIT on dividends from the relevant A-shares of a company listed on the Shenzhen Stock Exchange and traded through the Shenzhen-Hong Kong Stock Connect at a rate of 10%, but are temporarily exempted from CIT and VAT on the gains arising from trading such A-shares. Both circulars (Caishui [2014] No. 81 and Caishui [2016] No. 127) provide that title transfer of shares by Hong Kong market investors under China Connect because of a sale, inheritance or gift is subject to stamp duty in mainland China. Circular Caishui [2016] No. 127 also provides that stamp duty on covered short selling is temporarily exempted, and this is applicable to Hong Kong market investors through both Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect. MOF and STA jointly released Announcement [2023] No.39 dated 27 August 2023 stated that sale of shares or share based Depository Receipts (DRs) in national security exchanges are subject to halved Stamp Duty starting from 28 August 2023. The Stamp duty is 0.1% of market value of shares traded before 28 August 2023, and reduced to 0.05% with effective from 28 August 2023.

A Sub-Fund may have exposure to China A Shares indirectly via investments in other collective investment schemes that invest primarily in China A Shares and other financial instruments, such as structured notes, participation notes, equity-linked notes, and derivative instruments, where the underlying assets

consist of securities issued by companies quoted on regulated markets in China, and/or the performance of which is linked to the performance of securities issued by companies quoted on regulated markets in China. Investing in the securities markets of China is subject to emerging market risks as well as China-specific risks. The stock markets in China are emerging markets which are undergoing rapid growth and changes. This may lead to trading volatility, difficulties in settlement and in interpreting and applying the relevant regulations. In addition, there is a lower level of regulation and enforcement activity in these securities markets compared to more developed international markets. There also exists control on foreign investment in China and limitations on repatriation of invested capital. Less audited information may be available in respect of companies and enterprises located in China. Such legal and regulatory restrictions or limitations may have an adverse effect on the liquidity and performance of a Sub-Fund's investments in the Chinese market due to factors such as Sub-Fund repatriation and dealing restrictions. The securities industry in China is relatively young, and the value of the investments may be affected by uncertainties arising from political and social developments in China or changes in Chinese law or regulations. A Sub-Fund may be subject to withholding and other taxes imposed under Chinese tax law or regulations. Investors should be aware that their investments may be adversely affected by changes in Chinese tax law and regulations, which may apply with retrospective effect and which are constantly in a state of flux and will change constantly over time.

A Sub-Fund is also subject to counterparty risk associated with the issuer of financial instruments that invest in or are linked to the performance of China A Shares. A Sub-Fund may suffer substantial loss if there is any default by the issuer of such financial instruments. In addition, such investments may be less liquid as they may be traded over-the-counter and there may be no active market for such investments.

Investments in China A Shares through other collective investment schemes and other financial instruments, (such as structured notes, participation notes, equity-linked notes), and derivative instruments issued by third parties in RMB will be exposed to any fluctuation in the exchange rate between the Base Currency of a Sub-Fund and the RMBi in respect of such investments. There is no assurance that RMB will not be subject to devaluation. Any devaluation of RMB could adversely affect a Sub-Fund's investments that are denominated in RMBi. RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies of the Chinese government. The Chinese government's policies on exchange control and repatriation restrictions are subject to change, and the value of the relevant Sub-Fund's investments may be adversely affected.

A Sub-Fund may invest in CAAPs. Issuers of CAAPs may deduct various charges, expenses or potential liabilities from the prices of the CAAPs (including but not limited to any actual or

potential tax liabilities determined by the CAAPs issuer at its discretion) and such deductions are not normally refundable. CAAPs may not be listed and are subject to the terms and conditions imposed by an issuer. These terms may lead to delays in implementing the Investment Adviser's investment strategy. Investment in CAAPs can be less liquid as there may not be an active market in the CAAPs. In order to liquidate investments, a Sub-Fund relies upon the counterparty issuing the CAAPs to quote a price to unwind any part of the CAAPs. An investment in a CAAPs is not an investment directly in the underlying investments (such as shares) themselves. An investment in a CAAPs does not entitle the holder of such instrument to the beneficial interest in the shares nor to make any claim against the company issuing the shares. A Sub-Fund will be subject to credit risk of the issuers of the CAAPs invested by a Sub-Fund. A Sub-Fund may suffer a loss if the issuer of a CAAP invested in by a Sub-Fund becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties.

◆ Risks Associated with the China Interbank Bond Market

The China bond market is made up of the CIBM and the exchange listed bond market. The CIBM is an OTC market, executing the majority of the Chinese onshore bond trading. The main securities traded on the CIBM include government bonds, central bank papers, policy bank bonds and corporate bonds.

A Sub-Fund may invest in bonds traded on the CIBM via the Bond Connect (as defined below) and/or the CIBM Initiative (as defined below) as indicated in the relevant Supplement.

Bond Connect

Since July 2017, Bond Connect was established by China Foreign Exchange Trade System & National Interbank Funding Centre ("CFETS") and Hong Kong Exchanges and Clearing Limited (amongst others). Bond Connect is governed by rules and regulations as promulgated by the PRC authorities. As at the date of this Prospectus, the rules and regulations that a Sub-Fund, intending to trade through Bond Connect, must abide by include:

1. appointing CFETS through Bond Connect Company Limited or other institutions recognised by the PBOC as registration agents to apply for registration with the PBOC; and
2. transacting via an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the Central Moneymarkets Unit).

There are currently no quota restrictions. Such rules and regulations may be amended from time to time.

There are no specific rules or guidelines issued by the mainland China tax authorities on the treatment of income tax and other tax categories payable in respect of trading in CIBM by eligible foreign institutional investors via Bond Connect. The relevant

Sub-Fund's tax liabilities for trading in CIBM via Bond Connect is uncertain.

CIBM Initiative

Since February 2016, PBOC has permitted foreign institutional investors to invest in the CIBM (the "CIBM Initiative") subject to complying with the applicable rules and regulations as promulgated by the PRC authorities, i.e., PBOC and State Administration of Foreign Exchange ("SAFE"). As at the date of the Prospectus, the rules and regulations that a Sub-Fund, intending to trade through the CIBM initiative, must abide by include:

1. appointing an onshore settlement agent who will be responsible for making relevant filings and account opening with relevant authorities.
2. generally only repatriating cash out of the PRC in a currency ratio approximately proportionate to the currency ratio of remitted cash into the PRC.

There are currently no quota restrictions. Such rules and regulations may be amended from time to time.

Market and Liquidity Risks

Market volatility and potential lack of liquidity due to low trading volumes of certain debt securities may result in prices of certain debt securities traded on the CIBM to fluctuate significantly. A Sub-Fund is therefore subject to liquidity and volatility risks and may suffer losses in trading PRC bonds. The bid and offer spreads of the prices of such PRC bonds may be large, and a Sub-Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

Chinese Local Credit Rating Risk

A Sub-Fund may invest in securities the credit ratings of which are assigned by Chinese local credit rating agencies. However, the rating criteria and methodology used by such agencies may be different from those adopted by most of the established international credit rating agencies. Therefore, such rating system may not provide an equivalent standard for comparison with securities rated by international credit rating agencies. Investors should be cautious when they refer to ratings assigned by Chinese local credit agencies, noting the differences in rating criteria mentioned above. If assessments based on credit ratings do not reflect the credit quality of and the risks inherent in a security, investors may suffer losses, possibly greater than originally envisaged.

Counterparty and Settlement Risk

To the extent that a Sub-Fund invests in the CIBM, that Sub-Fund may also be exposed to risks associated with settlement procedures and default of counterparties. There are various transaction settlement methods in the CIBM, such as the delivery of security by the counterparty after receipt of payment by a Sub-Fund; payment by a Sub-Fund after delivery

of security by the counterparty, or simultaneous delivery of security and payment by each party. Although the Investment Adviser may endeavour to negotiate terms which are favourable to a Sub-Fund (e.g. requiring simultaneous delivery of security and payment), there is no assurance that settlement risks can be eliminated. Where its counterparty does not perform its obligations under a transaction, a Sub-Fund will sustain losses. The counterparty which has entered into a transaction with a Sub-Fund may default on its obligation to settle the transaction by delivery of the relevant security or by payment for value.

In the event that the relevant Chinese authorities suspend account opening or trading on the CIBM, a Sub-Fund's ability to invest in the CIBM will be limited and, after exhausting other trading alternatives, that Sub-Fund may suffer substantial losses as a result.

Operational Risk

Trading through Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such systems will function properly or will continue to be adapted to changes and developments in the market. In the event that the relevant systems fails to function properly, trading through Bond Connect may be disrupted. A Sub-Fund's ability to trade through Bond Connect (and hence to pursue its investment strategy) may therefore be adversely affected. In addition, where a Sub-Fund invests in the CIBM through Bond Connect, it may be subject to risks of delays inherent in the order placing and/or settlement systems.

Quasi-Government / Local Government Bond Risk

A Sub-Fund may invest in securities issued by PRC quasi-government organizations. Investors should note that the repayment of debts issued by such organizations is typically not guaranteed by the PRC central government. It should be noted that local governments have also taken on debts in other forms, including issuing urban investment bonds through local government financing vehicles. Worsening financial conditions may lead to a default in the local government's debt obligations. Under the relevant PRC regulations, a local government may conduct debt issuance up to the limit prescribed by the State Council for the current year. Further, a local government is required to arrange for credit rating for the debts by a credit rating agency. Investors should note the limits of credit ratings in general and the relevant risks regarding credit ratings given by PRC local credit rating agencies.

Regulatory Risk

The CIBM is also subject to regulatory risks. The PBOC and the China Central Depository & Clearing Co. may impose additional requirements on account opening or the trading / settlement flows of CIBM and therefore the CIBM account opening may be a prolonged process and also trading / settlement of CIBM may be subject to regulatory changes from time to time. As a result,

a Sub-Fund's ability to invest in the CIBM could be limited and that Sub-Fund may be disadvantaged.

Urban Investment Bonds Risk

The Sub-Funds may invest in bonds issued by PRC local government financing vehicles ("**LGFVs**"), i.e., also known as "urban investment bonds". This may subject the Sub-Fund to additional risks.

In view of limitations on directly raising funds, local governments in the PRC have set up numerous entities known as "Local Government Financing Vehicles" ("**LGFVs**") to borrow and fund local development, public welfare investment and infrastructure projects. LGFV bonds have grown rapidly in size in recent years and have become a significant bond sector in the PRC.

Many LGFVs invest in urban development projects which involve substantial initial investment through high financial leverage and this causes cash flow mismatch for the LGFVs. In such cases LGFVs may not be able to service debts solely through their own operating revenue, and local governments may need to offer financial subsidies to the LGFVs to ensure on-going debt-servicing. However, a LGFV may not be able to get adequate subsidies from its local government (for example in regions of low local revenue and heavy debt burden) and its local government is not obligated to subsidise the LGFV. In some cases LGFVs will take on further borrowing to pay existing debts and this can result in liquidity risks if re-financing costs increase.

Worsening financial conditions may lead to credit rating downgrade. Recent cases of downgrading have led to investors' concerns that the financial conditions of some LGFVs may be deteriorating. Downgrading in turn leads to higher financing costs for the LGFVs, making it more difficult for the LGFVs to sustain their debts.

Local governments may be seen to be closely connected to urban investment bonds, as they are Shareholders of the LGFVs issuing such bonds. However, urban investment bonds are typically not guaranteed by the relevant local governments or the central government of the PRC. As such, local governments or the central government of the PRC are not obligated to support any LGFVs in default. The LGFVs' ability to repay debts depends on the financial condition of the LGFVs, and the extent to which the relevant local governments are prepared to support such LGFVs. However, slower revenue growth at some local governments may constrain their capacity to provide support, while regulatory constraints may also limit local governments' ability to inject land reserves into LGFVs. Further, local governments have taken on debt in various other forms, and recent analyses show that increased financing activities have posed a risk to local government finances.

Although in some cases collateral such as land is provided, in case of default of a LGFV, it may be difficult for bond holders (such as the Sub-Fund) to enforce its right to the collateral. In

most cases, collateral is not provided, and the bond holders will be fully exposed to the credit/insolvency risk of LGFVs as an unsecured creditor. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Sub-Fund could suffer substantial loss and the net asset value of the Sub-Fund could be adversely affected.

Though most LGFVs disclose basic financial information regularly (e.g. through audited annual report and credit rating report), timely disclosure of other relevant information, such as material asset allocation and capital injection, is still uncertain. Imperfect disclosure of financial information could lead to biased investment judgment, adding to the risks for investment in LGFV securities.

Bonds issued by LGFVs normally have lower liquidity than other government issued fixed income instruments (such as Central Bank Notes / Bills and Treasury Bonds), and the Sub-Fund's investment in bonds issued by LGFVs is subject to liquidity risk as disclosed in the paragraphs under "**Liquidity Risk**" in this section.

LGFVs take on loans in a substantial amount from Chinese banks, and the total outstanding loans have risen rapidly in recent years. This has led the China Banking Regulatory Commission to require banks to limit their holdings of bonds sold by LGFVs. If LGFVs default on their repayment obligations, this may in turn pose a risk to the stability of the banking system in China.

It was announced that the National Audit Office would start a nationwide assessment of government liabilities in order to address concerns about rising debts from local development projects. However, there is no assurance that the extent of local government debts can be comprehensively and accurately assessed.

◆ Risks Associated with the Stock Connects

Certain Sub-Funds may invest in China A Shares listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange (together "**SSE**") through the Stock Connects, via local sub-custodians that are considered to be "Custody Participants" on the Stock Connects. Securities listed and traded on the SSE that may be traded by Hong Kong and overseas investors through the Stock Connects are herein referred to as "SSE Securities". In addition to the risks associated with investing in China above, investing through the Stock Connects is also subject to the following additional risks:

Quota Limitations

The Stock Connects are subject to a daily quota measuring total purchases and sales of securities via the Stock Connects. Buy orders and sell orders offset each other for purposes of the quota. If the daily quota is exceeded, further buy orders will be rejected, until the next trading day. The daily quota is not particular to a Sub-Fund or the Investment Adviser; instead, they apply to all market participants generally. Thus, the Investment Adviser of a Sub-Fund will not be able to control the

use or availability of the quota. If the Investment Adviser is unable to purchase additional Stock Connects securities, it may affect the Investment Adviser's ability to implement a Sub-Fund's respective investment strategy.

Restrictions on Extent of Foreign Holding of China A Shares

There are restrictions on the amount of China A Shares which a single foreign investor is permitted to hold and restrictions on the combined holdings of all foreign investors in a single company's China A Shares. Where those limits are reached, no further purchase of those shares will be permitted until the holding is reduced below the threshold and if the thresholds are exceeded, the relevant issuer of the China A Shares may sell those shares to ensure compliance with Chinese law which may mean that the relevant China A Shares are sold at a loss.

Suspension Risk

Both the SSE and the Stock Exchange of Hong Kong Limited ("SEHK") have the right to suspend trading of SSE Securities if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant local regulator would be sought before a suspension of Northbound trading is triggered. Where a suspension in the Northbound trading through the Stock Connects is effected, a Sub-Fund's ability to access the China A Share market will be adversely affected.

Differences in Trading Day

The Shanghai-Hong Kong Stock Connect will only operate on days when both the Shanghai and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So, it is possible that there are occasions when it is a normal trading day for the Shanghai Stock Exchange but Hong Kong or overseas investors (such as a Sub-Fund) cannot carry out any China A Share trading. A Sub-Fund may be subject to a risk of price fluctuations in China A Shares during the time when Shanghai-Hong Kong Stock Connect is not trading as a result.

The Shenzhen-Hong Kong Stock Connect will only operate on days when both the Shenzhen and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So, it is possible that there are occasions when it is a normal trading day for the Shenzhen Stock Exchange but Hong Kong or overseas investors (such as a Sub-Fund) cannot carry out any China A Share trading. A Sub-Fund may be subject to a risk of price fluctuations in China A Shares during the time when Shenzhen-Hong Kong Stock Connect is not trading as a result.

Restrictions on Intra-Day Trading

It is not possible to buy and sell shares on the same day on the Stock Connects.

Operational Risk

The Stock Connects provides a new channel for investors from Hong Kong and overseas to access the China A Share market directly. The Stock Connects are premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in the Stock Connects subject to meeting certain information technology capability, risk management and other requirements as may be specified by the SSE, the SEHK and/or the relevant clearing house.

The launch of the Stock Connects was premised on relevant trading and clearing rules and systems having been finalised, all regulatory approvals having been granted, market participants having had sufficient opportunity to configure and adapt their operational and technical systems. However, it should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the Stock Connects to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in the Stock Connects program requires routing of orders across the border. New information technology systems were developed and set up by the SEHK and participants on that exchange ("**Exchange Participants**"), i.e. a new order routing system known as the China Stock Connect System to which Exchange Participants have connected. These new systems of the SEHK and Exchange Participants have been operational only since 2014 and there is no assurance that these systems will continue to function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the program could be disrupted. A Sub-Fund's ability to access the China A Share market (and hence to pursue its investment strategy) will be adversely affected.

Nominee Arrangements in Holding China A Shares

The Hong Kong Securities Clearing Company Limited ("**HKSCC**"), a wholly-owned subsidiary of the Hong Kong Exchanges and Clearing Limited, is the "nominee holder" of SSE Securities acquired by Hong Kong and overseas investors, including a Sub-Fund, through the Stock Connects. The China Securities Regulatory Commission ("**CSRC**") Stock Connects rules expressly provide that investors enjoy the rights and benefits of the SSE Securities acquired through the Stock Connects in accordance with applicable laws. However, the courts in the PRC may consider that any nominee or custodian as registered holder of SSE Securities would have full ownership thereof, and that even if the concept of beneficial owner is recognised under PRC law those SSE Securities would form part of the pool of assets of such entity available for distribution to creditors of such entities and/or that a beneficial owner may have no rights whatsoever in respect thereof. Consequently, the Company and the Depository Bank cannot ensure that a Sub-Fund's

ownership of these securities or title thereto is assured in all circumstances.

Under the rules of the Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on SEHK ("**CCASS**"), HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of the SSE Securities in the PRC or elsewhere. Therefore, although the relevant Sub-Fund's ownership may be ultimately recognised, the Sub-Fund may suffer difficulties or delays in enforcing their rights in China A Shares.

To the extent that HKSCC is deemed to be performing safekeeping functions with respect to assets held through it, it should be noted that the Depository Bank and a Sub-Fund will have no legal relationship with HKSCC and no direct legal recourse against HKSCC in the event that a Sub-Fund suffers losses resulting from the performance or insolvency of HKSCC.

Restrictions on Selling Imposed by Front-End Monitoring

PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise SSE will reject the sell order concerned. SEHK will carry out pre-trade checking on China A Share sell orders of its Exchange Participants (i.e. the stock brokers) to ensure there is no over-selling. To facilitate investors whose SSE Securities are maintained with custodians to sell their SSE Securities without having to pre-deliver the SSE Securities from their custodians to their executing brokers, an Enhanced Pre-trade Checking Model (or "**SPSA Model**") was introduced with effect from 30 March 2015. Under the SPSA Model, an investor whose SSE Securities are maintained with a custodian that is, under the Rules and Operational Procedures of HKSCC, as amended from time to time, registered and admitted to participate in CCASS as a "Direct Clearing Participant" or a "General Clearing Participant" (collectively, a "**Custodian Participant**") or a non-Exchange Participant General Clearing Participant ("**non-EP GCP**"), can request such Custodian Participant or non-EP GCP to open a special segregated account ("**SPSA**") in CCASS to maintain its holdings in SSE Securities. Each SPSA will be assigned a unique investor identification number ("**Investor ID**") by CCASS. The investor may designate at most 20 Exchange Participants as executing brokers which are authorised to use its Investor ID to execute sell orders in SSE Securities on its behalf. The SPSA Model, unlike the Existing Pre-trade Checking Model, allows pre-trade checking to be done without the investor transferring its SSE Securities from its custodian to its selling Exchange Participant (i.e. designated broker) before the market opens on the day of selling ("**trading day**"). Under the SPSA Model, an investor will only need to transfer SSE Securities from its SPSA to its designated broker's account after execution and not before placing the sell order.

The Company intends to work with the Depository Bank to utilise the SPSA Model, under which a Sub-Fund will be able to sell its China A Shares through the Stock Connects without

having to pre-deliver the SSE Securities from the Depository Bank to a Sub-Fund's executing brokers. However, if the SPSA Model ceases to be available to a Sub-Fund for any reason at any time, a Sub-Fund will need to operate under the Existing Pre-trade Checking Model. Under the Existing Pre-trade Checking Model, if a Sub-Fund desires to sell certain China A Shares it holds, it must transfer those China A Shares to the respective accounts of its brokers before the market opens on the trading day. If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement, if a Sub-Fund is unable to utilise the SPSA Model and must rely on the Existing Pre-trade Checking Model, a Sub-Fund may not be able to dispose of holdings of China A Shares in a timely manner.

Recalling of Eligible Stock

When a stock is recalled from the scope of eligible stocks for trading via the Stock Connects, the stock can only be sold but is restricted from being bought. This may affect the investment portfolio or strategy of a Sub-Fund, for example, when the Investment Adviser wishes to purchase a stock which is recalled from the scope of eligible stocks.

Clearing and Settlement Risk

The HKSCC and China Securities Depository and Clearing Corporation Limited ("**ChinaClear**") have established the clearing links and each has become a participant of each other to facilitate clearing and settlement of cross-boundary trades through the Stock Connects. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

As the national central counterparty of the PRC's securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the CSRC. The chances of ChinaClear default are considered to be remote.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, a Sub-Fund may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

No Protection by Investor Compensation Fund

Investment through the Stock Connects programmes is conducted through brokers, and is subject to the risks of default by such brokers in discharging their obligations. In particular, a Sub-Fund's investments through Northbound trading under the Stock Connects are not covered by any investor compensation Sub-Fund. Therefore, a Sub-Fund is exposed to the risks of default of the brokers it engages in its trading in China A Shares through the Stock Connects.

Trading Costs

In addition to paying trading fees and stamp duties in connection with China A Share trading, a Sub-Fund may be subject to new portfolio fees, dividend withholding tax and tax concerned with income arising from stock transfers which are yet to be determined by the relevant authorities.

Regulatory Risk

The Stock Connects are novel in nature, and subject to regulations promulgated by regulatory authorities (the CSRC and Hong Kong's Securities and Futures Commission ("SFC")) and implementation rules made by the stock exchanges (the SSE and SEHK) and the clearing houses (ChinaClear and HKSCC). Further, new regulations may be promulgated from time to time by relevant regulators, including the SFC and the CSRC, in connection with operations and cross-border legal enforcement with respect to cross-border trades under the Stock Connects.

Currency Risk / Currency Conversion as Shares Denominated in Renminbi (CNY)

China A Shares are denominated in Renminbi (CNY) and as Renminbi (CNY) is not the Base Currency of the Sub-Funds, the payments from Renminbi (CNY) may have to be converted into the Base Currency of a Sub-Fund when realising China A Shares and the Base Currency may have to be converted into Renminbi (CNY) when purchasing China A Shares. The exchange rate for Renminbi (CNY) may be affected by, amongst other things, any exchange control restrictions imposed by the government in the PRC which may adversely affect the market value of the Sub-Fund.

Uncertainty of Tax Position

The Company's tax treatment of China A Shares is uncertain and particularly whether capital gains tax applies. There is a risk that capital gains realised may be subject to additional taxation in the future.

It should be noted that the regulations establishing and governing the operation of the Stock Connects are novel and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. The Stock Connects infrastructure has not yet been fully tested and may not operate as described in all circumstances. There can be no assurance that the Stock Connects will not be abolished. A Sub-Fund, which may invest in the PRC markets through the Stock

Connects, may be adversely affected as a result of such changes.

Segregation Risk

The China A Shares are held by third party securities settlement systems in Hong Kong and the PRC where they are mixed with other investors' assets and may be subject to lower safekeeping, segregation and record keeping requirements than investments held domestically or in the EU.

Legal / Beneficial Ownership

The SSE shares in respect of the Sub-Funds are held by the Depository Bank / sub-custodian in accounts in the CCASS maintained by the HKSCC as central securities Depository Bank in Hong Kong SAR. HKSCC in turn holds the SSE shares, as the nominee holder, through an omnibus securities account in its name registered with ChinaClear for each of the Stock Connects. The precise nature and rights of the Sub-Funds as the beneficial owners of the SSE and SZSE shares through HKSCC as nominee is not well defined under PRC law. There is lack of a clear definition of, and distinction between, "legal ownership" and "beneficial ownership" under PRC law and there have been few cases involving a nominee account structure in the PRC courts. Therefore, the exact nature and methods of enforcement of the rights and interests of the Sub-Funds under PRC law is uncertain. Because of this uncertainty, in the unlikely event that HKSCC becomes subject to winding up proceedings in Hong Kong SAR it is not clear if the SSE shares will be regarded as held for the beneficial ownership of the Sub-Funds or as part of the general assets of HKSCC available for general distribution to its creditors.

Risk associated with Small-Capitalisation / Mid-Capitalisation Companies

The stocks of Small-Capitalisation / Mid-Capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of Large-Capitalisation Companies in general.

Higher Fluctuation on Stock Prices

Listed companies on the Star Board and ChiNext market are usually of emerging nature with smaller operating scale. Hence, they are subject to higher fluctuation in stock prices, may have limited liquidity and higher risks and turnover ratios than companies listed on the main board of the Shenzhen Stock Exchange.

Over-Valuation Risk

Stocks listed on the Star Board and ChiNext market may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.

Differences in Regulations

The rules and regulations regarding companies listed on the Star Board and ChiNext market are less stringent in terms of profitability and share capital than those in the main boards.

Delisting Risk

It may be more common and faster for companies listed on the Star Board and/or ChiNext to delist. This may have an adverse impact on the Sub-Fund if the companies that it invests in are delisted.

Settlement Mode under the SPSA Model

Under the normal Delivery Versus Payment ("**DVP**") settlement mode, stock and cash settlement will take place on T+0 between clearing participants (i.e., brokers and custodian or a custodian participant) with a maximum window of 4 four hours between stocks and cash movement. This applies to settlement in CNH (offshore Renminbi) only and on the condition that the brokers support same-day Chinese Renminbi cash finality. Under the Real time Delivery Versus Payment ("**RDVP**") settlement mode introduced in November 2017, stock and cash movement will take place real time, however, the use of RDVP is not mandatory. The clearing participants must agree to settle the transaction using RDVP and indicate RDVP on the settlement instruction in a specific field. If either of the clearing participants are unable to settle the trades using RDVP, there is a risk that the trades could fail.

◆ Russia (Investment in Russia)

For Sub-Funds that invest in or are exposed to investment in Russia, the following risk warnings are important:

- ◆ the United States, the United Kingdom and the European Union have introduced sanctions against certain Russian issuers. These include prohibitions on transacting in or dealing in new debt of longer than 30 days maturity or new equity of sanctioned issuers. Securities held by a Sub-Fund issued prior to the date of the sanctions being imposed are not currently subject to any restrictions under the sanctions. However, compliance with each of these sanctions may impair the ability of a Sub-Fund to buy, sell, hold, receive or deliver the affected securities or other securities of sanctioned issuers. If it becomes impracticable or unlawful for a Sub-Fund to hold securities subject to, or otherwise affected by, sanctions (collectively, "**affected securities**"), or if deemed appropriate by the Sub-Fund's Investment Adviser, subscriptions in kind and directed cash subscriptions may not be available for the Sub-Fund in respect of the affected securities;
- ◆ sanctions may also lead to changes in a Sub-Fund's Reference Benchmark. An index provider may remove securities from a Reference Benchmark or implement caps on the securities of certain issuers that have been subject to recent economic sanctions. This may lead to a Sub-Fund

rebalancing its portfolio to bring it in line with the relevant Reference Benchmark, which may result in transaction costs and increased tracking error;

- ◆ if an affected security continues to be included in a Sub-Fund's Reference Benchmark, the Sub-Fund may seek to eliminate its holdings of the affected security and will instead use optimisation techniques to seek to track the investment returns of the Reference Benchmark. The use of optimisation techniques may increase the Sub-Fund's tracking error risk. If the affected securities constitute a significant percentage of the Reference Benchmark, a Sub-Fund may not be able to effectively implement optimisation techniques, which may result in significant tracking error; and
- ◆ sanctions may result in retaliatory measures by Russia, including the immediate freeze of Russian assets held by a Sub-Fund, meaning that a Sub-Fund may not be able to pay out redemption proceeds on frozen assets. However, provided there will be no detrimental impact to remaining Shareholders, a Sub-Fund may elect to liquidate non-restricted assets in order to satisfy redemption orders. The liquidation of a Sub-Fund's assets during this time may also result in a Sub-Fund receiving substantially lower prices for its securities.

If any of the above events occur, the Directors may take action in the best interests of investors which may ultimately include suspending trading in the Sub-Funds.

Aside from sanctions, other significant risks include:

- ◆ delays in settling transactions and the risk of loss arising out of Russia's system of securities registration and custody;
- ◆ a lack of corporate governance provisions or general rules or regulations relating to investor protection;
- ◆ pervasiveness of corruption, insider trading, and lack of law enforcement in the Russian economic system;
- ◆ difficulties associated in obtaining accurate market valuations of many Russian securities, based partly on the limited amount of publicly available information;
- ◆ tax regulations are ambiguous and unclear and there is a risk of imposition of arbitrary or onerous taxes;
- ◆ the general financial condition of Russian companies, which may involve particularly large amounts of inter-company debt;
- ◆ banks and other financial systems are not well developed or regulated and as a result tend to be untested and have low credit ratings;
- ◆ the risk that the government of Russia or other executive or legislative bodies may decide not to continue to support the economic reform programs implemented since the dissolution of the Soviet Union;

- ◆ counterparty risks in connection with the maintenance of portfolio securities and cash with local sub-custodians and securities depositories in Russia; and
- ◆ rules regulating corporate governance either do not exist or are underdeveloped and offer little protection to minority Shareholders.

Many of these risks arise because the laws relating to securities investments and regulations in Russia have been created on an ad-hoc basis and do not tend to keep pace with market developments. This can lead to ambiguities in interpretation and inconsistent and arbitrary application. Furthermore, monitoring and enforcement of applicable regulations is rudimentary.

All of these risk factors may increase the volatility of any Sub-Fund investing in Russia (depending on its exposure) and hence the risk of loss to the value of your investment.

Furthermore, the concept of fiduciary duty on the part of Russian companies' management is generally non-existent. Local laws and regulations may not prohibit or restrict a company's management from materially changing the company's structure without shareholder consent. Foreign investors cannot be guaranteed redress in a court of law for breach of local laws, regulations or contracts. Regulations governing securities investment may not exist or may be applied in an arbitrary and inconsistent manner.

Securities in Russia are issued only in book entry form and ownership records are maintained by registrars who are under contract with the issuers. The registrars are neither agents of, nor responsible to, the Depositary Bank or its local agents in Russia. Transferees of securities have no proprietary rights in respect of securities until their name appears in the register of holders of the securities of the issuer. The law and practice relating to registration of holders of securities are not well developed in Russia and registration delays and failures to register securities can occur. Although Russian sub-custodians will maintain copies of the registrar's records ("**Extracts**") on its premises, such Extracts may not be legally sufficient to establish ownership of securities. In addition, fraudulent securities, Extracts or other documents are in circulation in the Russian markets and there is therefore a risk that the Sub-Fund's purchases may be settled with these fraudulent securities. In common with other emerging markets, Russia has no central source for the issuance or publication of corporate actions information. The Depositary Bank therefore cannot guarantee the completeness or timeliness of the distribution of corporate actions notifications.

To mitigate the risk of investing in Russia, investments will only be made in securities that are listed or traded on the MICEX and the RTS.

- ◆ Saudi Arabia (Investment in Saudi Arabia)

The Kingdom of Saudi Arabia ("**KSA**") is currently an emerging market economy. Accordingly, it differs from the economies of

most developed countries and investing in the KSA may be subject to greater risk of loss than investments in developed markets due to, among other factors, political and economic instability and greater limitations on foreign investment than those found in a developed market. Also, the KSA legal system is based on Shari'ah law and, accordingly, issuers of the securities in which the relevant Sub-Fund invests may be held to different disclosure, corporate governance, accounting and reporting standards than those in developed markets with different legal systems. For example, listed companies are required to adhere to the Saudi Corporate Governance Regulations 2018 ("**CGR**") on a mandatory basis with several "for guiding" provisions, but compliance with the CGR among issuers may not be universal. Any political changes, social instability and adverse diplomatic developments which may take place in or in relation to the KSA could result in economic sanctions (e.g. trade embargoes against a particular issuer or the KSA generally), the imposition of additional governmental restrictions, expropriation of assets, confiscatory taxes (e.g. increased excise duties for products that have an increased perceived risk of socio-economic harm to the KSA) or nationalisation of some or all of the constituents of the Reference Benchmark. Investors should also note that any change in the policies of the government and relevant authorities of the KSA may adversely impact the securities markets in the KSA as well as the performance of the relevant Sub-Fund, compared to the Reference Benchmark.

QFI Regime Foreign Ownership Limits

The QFI Rules were introduced in 2015. Accordingly, the application and interpretation of such investment regulations are therefore untested and in certain material respects, there remains a lack of clarity and certainty as to how they will be applied by the regulator and/or interpreted by QFIs. It is not possible to predict the future development of the QFI regime. Any change in the QFI regime generally, including the possibility of the Investment Adviser losing its QFI status, may affect the relevant Sub-Fund's ability to invest in shares listed on the Saudi Stock Exchange through the Investment Adviser.

Saudi QFI Regime General Risks

The relevant Sub-Fund's investment in Saudi shares is dependent on the Investment Adviser being able to buy and sell shares listed on the Saudi Stock Exchange. The ability of the Investment Adviser to trade in Saudi listed shares is dependent on none of the prescribed foreign ownership limits being exceeded. The QFI Rules and Saudi Capital Markets Law prescribe certain foreign investment ownership limits on QFIs (e.g. a Sub-Fund) and their affiliates, which take the form of various maximum ownership thresholds. For example, one of the key threshold limits is an aggregate total cap (at 49%) on foreign ownership of Saudi listed shares, which applies not just to QFIs, but all other categories of foreign investors as well (e.g. foreigners resident in Saudi Arabia; investors holding interests in Saudi listed shares via swap contracts or participation notes; and non-resident foreign shareholders who owned stakes in

companies prior to their listings). The Saudi Stock Exchange provides ongoing information relating to these thresholds on their website (<http://www.tadawul.com.sa>) in order to assist QFIs and other market participants in complying with such limits. The Investment Adviser has the flexibility to invest in Saudi listed shares on behalf of more than one QFI. Therefore, it may invest in shares on behalf of multiple Sub-Funds under its management which are QFIs from time to time, all of which would count towards the foreign ownership thresholds.

In the event that a relevant foreign ownership limit is reached or exceeded, it could result in the relevant Sub-Fund not being able to acquire additional KSA listed shares. Moreover, as approved QFIs are not permitted under the current QFI Rules to also be the ultimate beneficial owners of Saudi-listed securities underlying FDI (e.g. swaps or participation notes) traded through the Saudi swap framework, it will not be possible, in such circumstances, for the relevant Sub-Fund as a QFI to take indirect/synthetic exposure (e.g. via swaps or participation notes) to Saudi listed shares in addition to its physical/direct holdings. This may ultimately result in (i) the relevant Sub-Fund not being able to accept any further subscriptions for Shares and its Shares trading at a significant premium or discount to their net asset value on a stock exchange on which they are admitted to trading; and (ii) a negative or positive performance impact to the relevant Sub-Fund and, by extension, its Shareholders, as compared to the Reference Benchmark.

The ability of the Investment Adviser to trade in Saudi listed shares is also dependent on the ability of the Investment Adviser and relevant Sub-Fund to maintain its QFI status. Certain approved QFIs may apply, via a third party assessing authorised person (mandated as such by the CMA pursuant to the QFI Rules), to the CMA for approval as a QFI. Only once an investment Sub-Fund is approved by the CMA as a QFI under the QFI Rules can it, via its Investment Adviser, invest in Saudi listed shares on the Saudi Stock Exchange. To the extent that the Investment Adviser and/or the relevant Sub-Fund loses its QFI status or laws and regulations change such that the QFI regime is no longer available to the Investment Adviser and/or the relevant Sub-Fund, it will be more difficult for the relevant Sub-Fund to achieve its investment objective. In such an event, the relevant Sub-Fund may use techniques to invest in securities or other instruments that are not constituents of the Reference Benchmark, but which provide a similar exposure to the return of the Reference Benchmark. These instruments may include offshore futures, other exchange-traded Sub-Funds that would provide a similar exposure or unfunded swap agreements, which are agreements whereby a counterparty agrees to provide the relevant Sub-Fund with the returns of a specific exposure, i.e. the Reference Benchmark, in return for a fee. Accordingly, there is a greater risk of tracking error, which may result in a negative or positive performance impact to the relevant Sub-Fund and its Shareholders.

The CMA may introduce further limitations or restrictions on the foreign ownership of securities in the KSA, which may have

adverse effects on the liquidity and the performance of the relevant Sub-Fund. Such limitations and restrictions may restrict the relevant Sub-Fund's ability to acquire the shares of one or more constituents of its Reference Benchmark in accordance with the relevant weightings of the Reference Benchmark and therefore may impact on the relevant Sub-Fund's ability to closely track the performance of the Reference Benchmark.

Legal System of the KSA

The KSA legal system is based on Shari'ah law. Prior court decisions may be cited for reference but do not have precedent value. Because of the lack of volume of published cases and judicial interpretation and the fact that, in any event, the outcome of previously determined cases would not be binding in nature, the interpretation and enforcement of applicable Saudi laws and regulations involves significant uncertainties. In addition, as the KSA legal system, and the QFI regime in particular, develops, no assurance can be given that changes in such laws and regulations, their interpretation or their enforcement will not have a material adverse effect on the relevant Sub-Fund's operations or the ability of the relevant Sub-Fund to acquire Saudi listed shares.

Potential Market Volatility Risk

Investors should note that the Saudi Stock Exchange is admitting foreign investors, pursuant to the regime established by the QFI Rules, for the first time. Market volatility may result in significant fluctuation in the prices of securities traded on the Saudi Stock Exchange, which would therefore impact upon the Net Asset Value of the relevant Sub-Fund.

Settlement and Associated Risks

Each Authorised Participant submitting an application to subscribe for shares in the relevant Sub-Fund is required to comply with the KSA T+2 Cash Settlement Requirement to cover the purchase by the relevant Sub-Fund of underlying KSA securities in connection with the subscription order, for the Authorised Participant's subscription application to be valid. Accordingly, each Authorised Participant requesting a subscription of shares in the relevant Sub-Fund is required to deliver a subscription amount (the "**T+2 Cash Settlement Requirement Cash Amount**") to cover the purchase by the Sub-Fund of underlying KSA securities in connection with its subscription request, for the Authorised Participant's subscription request to be a valid application. The T+2 Cash Settlement Requirement Cash Amount is transferred into the local KSA sub-custody account with the KSA Sub-custodian which is set up by the KSA Subcustodian for the use and benefit of the relevant Sub-Fund. Therefore, two business days after such time as the Shares in the relevant Sub-Fund that are being subscribed for are in the possession of the Authorised Participant, there is a risk that the KSA Sub-custodian may suffer an economic or operating event causing a loss of the T+2 Cash Settlement Requirement Cash Amount which would have a negative impact on the value of the relevant Sub-Fund or

delay in delivery of the securities that the T+2 Cash Settlement Requirement Cash Amount was intended for which may temporarily affect tracking error. Therefore, any trades executed erroneously by the broker must be corrected through additional trading. This may temporarily affect tracking error and incur additional costs on the relevant Sub-Fund which may not be immediately recoverable from the broker.

Where any T+2 Cash Settlement Requirement Cash Amount paid by an Authorised Participant is subsequently determined to have been in excess of the final subscription price (including final Duties and Charges) for the relevant Shares on the Dealing Day by reference to which the subscription was effected, the excess cash amount will be held in custody on a temporary basis and will be reimbursed to the relevant Authorised Participant as soon as practicable, net of any foreign exchange transaction cost associated with converting (if applicable) such amount from SAR to USD (and to any other relevant currency) and repatriating such cash so that it can be paid to the Authorised Participant. The relevant Authorised Participant shall remain an unsecured creditor of the relevant Sub-Fund in respect of the amount to be reimbursed ("**Reimbursement Amount**") until such time as the amount is paid to it. The Reimbursement Amount will remain subject to the risk factors described in this Prospectus for the duration of the period during which it remains in the KSA.

In the event that the T+2 Cash Settlement Requirement Cash Amount is insufficient to purchase all the underlying securities in connection with the subscription, the relevant Sub-Fund may not be able to acquire all the requisite underlying securities during the initial purchase and will need to carry out one or more further purchases on subsequent day(s) or rely on borrowing cash from the relevant custodian. Similarly, if restrictions under KSA laws, regulations and/or stock exchange rules, or the suspension of trading of particular KSA securities, or a delay in the remittance of SAR to the KSA restrict the relevant Sub-Fund from acquiring all the requisite underlying securities during the initial purchase (see sections above titled "**QFI Regime Foreign Ownership Limits**" for circumstances in which such restrictions may be triggered), the relevant Sub-Fund will also need to carry out one or more further purchases on subsequent day(s). The market risk arising from the timing of the placement of further underlying trades and any delay in trading will be borne by the Authorised Participant. In the event of any funding shortfall, the Authorised Participant would be required to deliver, in accordance with the relevant Sub-Fund's stated timeline and procedure (available from the Administrator and / or on the Electronic Order Entry Facility, as defined in the section entitled "**Procedure for dealing on the primary market**"), additional sums to make up any funding shortfall to enable further purchases to be made until all the requisite underlying KSA securities have been acquired for the relevant Sub-Fund.

In order to reduce the risk of an Authorised Participant having to pay a funding shortfall and to protect the relevant Sub-Fund

and its Shareholders, a buffer to cover expected market and foreign exchange volatility will be added to estimated Duties and Charges in the T+2 Cash Settlement Requirement Cash Amount and any additional sums payable by the Authorised Participant to cover a funding shortfall. In circumstances where additional sums are payable by an Authorised Participant to cover a funding shortfall after the Authorised Participant has received Shares subscribed in the relevant Sub-Fund, the relevant Sub-Fund will have a credit exposure as an unsecured creditor in respect of such additional sums.

The foreign exchange transaction costs associated with conversions made in relation to subscriptions and redemptions and the risk of a potential difference between the USD and SAR (and any other relevant currency in which subscriptions and redemptions are accepted from time to time) will be borne by the relevant Authorised Participant and included in the final Duties and Charges which are applied to the relevant subscription or redemption amounts paid or received (respectively) by such Authorised Participant. Authorised Participants should note that no interest will accrue on the relevant Reimbursement Amount and interest shall therefore not be payable by the relevant Sub-Fund to the relevant Authorised Participant in respect of any such amount.

Index Tracking Risk (QFI Regime)

The relevant Sub-Fund's return may deviate from the return of the Reference Benchmark for various reasons, for example, the revocation of the Investment Adviser's QFI status, the inability of the Investment Adviser to trade in one or more Saudi listed issuer due to a foreign ownership threshold having been reached or exceeded, the allocation of investment in Saudi listed shares by the Investment Adviser to other Sub-Funds under its management, the investment limitations imposed by KSA laws and regulations, temporary or permanent suspension of particular securities imposed from time to time by the stock exchange in the KSA, the liquidity of the underlying market, taxation implications, regulatory changes in the KSA that may affect the Investment Adviser's ability to reflect the return of the Reference Benchmark and any foreign exchange costs.

Electronic Trading Platform (Tadawul) Risk

KSA brokers submit trade orders through an electronic system which is linked and received by Tadawul's system. The use of electronic systems by the broker or Tadawul is subject to software, hardware, or communication failure which may cause halts or delays in acquiring the intended securities for the relevant Sub-Fund.

Trading Prohibition

If there is an unexecuted purchase or sell trade in respect of any KSA security then an opposing trade via the same custodial account for the same KSA security will be rejected in the market (the "**KSA Trading Prohibition**"). Therefore, any trading activity that triggers the KSA Trading Prohibition may cause a delay in

trading. This may impact the relevant Sub-Fund's ability to rebalance and cause an increase of its tracking error.

Commodity Risk

The relevant Sub-Fund may invest in Saudi Arabian issuers that are susceptible to fluctuations in certain commodity markets. Any negative changes in commodity markets that may be due to changes in supply and demand for commodities, market events, regulatory developments or other factors that the Sub-Fund cannot control could have an adverse impact on those companies.

Nationalisation Risk

Investments in Saudi Arabia may be subject to loss due to expropriation or nationalisation of assets and property or the imposition of restrictions on foreign investments and repatriation of capital.

2.8 Other risks

◆ Fund of Funds Investment Risk

Certain Sub-Funds may be classed as Fund of Funds. This is because they mainly invest in other Collective Investment Schemes. Prospective investors should be aware of the specific features of a Fund of Funds and the consequences of investing in other Collective Investment Schemes. Although the Company will seek to monitor investments and trading activities of the Collective Investment Schemes in which the Sub-Funds invest, it is possible that the managers of these Collective Investment Schemes will take positions or engage in transactions in the same securities or in issues of the same asset class, industry, country or currency at the same time as each other. This means that there is a possibility that one Collective Investment Scheme may purchase an asset at about the same time as another Collective Investment Schemes may sell it.

There can be no assurance that the selection of the managers of the Collective Investment Schemes will result in an effective diversification of investment styles and that positions taken by the underlying Collective Investment Schemes will always be consistent.

The selection of the Collective Investment Schemes for each Sub-Fund that is a Fund of Funds will aim to ensure that the Sub-Fund is sufficiently liquid so that it is able to meet redemptions. However, there can be no guarantee that the liquidity of the Collective Investment Schemes into which the Fund of Funds Sub-Funds will invest will always be sufficient to meet redemption requests when made.

◆ Indemnification Obligations

The Company or, where applicable, the Management Company (out of the assets of the relevant Sub-Fund), has agreed to indemnify the Directors, the Management Company, the Investment Adviser, any Distributor, the Administrator, the Depository Bank as provided for in the relevant agreements. Consequently, the Company is exposed to the risk of

unforeseen costs due to losses or damages incurred by the indemnified parties (including legal fees and expenses) in connection with the performance of their duties and/or the exercise of their powers under the relevant agreements.

◆ Indexing Risk

Sub-Funds that track an index (often referred to as "**Index Funds**" or "**Index Tracking Funds**") are not actively managed so may be affected by a general decline in market segments related to their respective Reference Benchmark. Index Funds will invest in securities included in, or representative of, their respective Reference Benchmarks, and any Sub-Fund which is also an Index Fund will not attempt to take defensive positions under any market conditions, including declining markets. As at the date of this Prospectus, no Sub-Fund of the Company is an Index Fund however all Sub-Funds can invest in other Collective Investment Schemes that may be Index Funds and notably Sub-Funds that are Funds of Funds are likely to invest in Index Fund.

A Index is generally constituted by an Index Provider using their own criteria or methodologies. The Index Provider will normally retain discretion in relation to the methodology underlying an Index and an Index may or may not take account of fees. There can be no assurance that an Index will continue to be calculated and published on the basis described in the rules or methodology published by the Index Provider or that the Index will not be amended significantly.

As of the date of this Prospectus, no Sub-Fund of the Company uses a Reference benchmark.

◆ International Central Securities Depository

Investors that settle or clear through an International Central Securities Depository ("**ICSD**") will not be a registered shareholder in the Company, but will instead hold an indirect beneficial interest in the Shares. The rights of those investors who are defined as a Participant (as set out in the **section "Subscriptions, Valuations and Redemptions – Registration and Settlement of Shares – International Central Securities Depository"**) in the ICSD, shall be governed by the terms and conditions applicable to the arrangement between themselves and their ICSD. Where the holder of the indirect beneficial interests in the Shares is not a Participant, they shall be governed by their arrangement with their respective nominee, broker or Central Securities Depository (as defined in the **section "Subscriptions, Valuations and Redemptions – Registration and Settlement of Shares – International Central Securities Depository"**).

The Company will issue any notices and associated documentation to the global paying agent (the "**Global Paying Agent**") for forwarding to the ICSD, with the required notice as is given by the Company when convening general meetings. The Global Paying Agent has a contractual obligation to relay any notices it receives to the applicable ICSD under the terms of its appointment by the Management Company. The applicable ICSD will in turn relay notices received from the Global Paying

Agent to its Participants in accordance with its rules and procedures. The Common Depositary is contractually bound to collate all votes received from the ICSDs (which reflects votes they receive from Participants) and the Common Depositary's Nominee is obliged to vote in accordance with the instructions it receives. The Company has no power to ensure the applicable ICSD or the Common Depositary relays notices of votes in accordance with their instructions. The Company cannot accept voting instructions from any persons other than the Common Depositary's Nominee.

Any distributions declared and any liquidation and mandatory redemption proceeds are paid by the Company to the Global Paying Agent to forward to the applicable ICSD. Investors, where they are Participants, must look solely to the applicable ICSD for their share of each distribution payment and/or any liquidation or mandatory redemption proceeds paid by the Company. If they are not Participants, they must look to their respective nominee, broker or Central Securities Depositary for any distribution payments or any liquidation or mandatory redemption proceeds paid by the Company. Investors will have no claim directly against the Company for distribution payments and/or any liquidation and mandatory redemption proceeds due on Shares represented by the global share certificate (i.e. the certificate issued in the name of the Company or relevant clearing agent as appropriate, the "**Global Share Certificate**"). Any obligations of the Company will be discharged once payment is made to the applicable ICSD.

◆ Investments exclusion risk

The investment policy for a Sub-Fund may exclude potential investments where they do not meet certain criteria (e.g. financial criteria such as minimum credit ratings, or non-financial criteria such as ESG screens). This may cause a Sub-Fund to perform differently compared to similar funds that are permitted to invest in those investments.

◆ Sub-Fund Pandemic Risk

An outbreak of an infectious disease, pandemic or any other serious public health concern could occur in any jurisdiction in which a Sub-Fund may invest, leading to changes in regional and global economic conditions and cycles. This may have a negative impact on the Company's investments and consequently its Net Asset Value. Any such outbreak may also have an adverse effect on the wider global economy and/or markets which may negatively impact a Sub-Fund's investments more generally. In addition, a serious outbreak of infectious disease may also be a force majeure event under contracts that the Company has entered into with counterparties thereby relieving a counterparty of the timely performance of the services the counterparties have contracted to provide to the Sub-Funds (the nature of the services will vary depending on the agreement in question). In a worst case scenario, this may result with the Sub-Funds being delayed in calculating their Net Asset Value, processing dealing in Shares, undertaking independent valuations of the Sub-Funds or processing trades in respect of the Sub-Funds.

◆ Total Return Swaps Risk

A Sub-Fund may utilise Total Return Swaps to, inter alia, replicate the exposure of an index or to swap the performance of one or more instruments into a stream of fixed or variable rate cash-flows. In such cases, the counterparty to the transaction will be a counterparty approved and monitored by the Management Company or the Investment Adviser. At no time will a counterparty in a transaction have discretion over the composition or the management of the sub-fund's investment portfolio or over the underlying asset of the Total Return Swap.

◆ Withdrawal of the UK from the EU

The Sub-Funds are recognised under the Overseas Funds Regime ("**OFR**") as Overseas Funds Regime Recognised Schemes ("**OFR Recognised Schemes**") under section 271A (Schemes authorised in approved countries) of the Financial Services and Markets Act 2000 ("**FSMA**").

Investors should note that not all share classes of the Portfolios may be recognised under the OFR.

Investors should refer to the UK country supplement for information following website for details of those share classes which have been recognised under the OFR:

www.assetmanagement.hsbc.co.uk/en.

2.9 Integration of Sustainability Risks into Investment Decisions and SFDR principles

◆ SFDR categorisation and ESG data

SFDR requires sub-funds to be categorised into three different categories;

- sub-funds which do not have sustainable investment as their objective or promote environmental and/or social characteristics (referred to as Article 6 SFDR Sub-Funds);
- sub-funds which promote environmental and/or social characteristics (referred to as Article 8 SFDR Sub-Funds); and
- sub-funds with sustainable investment as their investment objective (referred to as Article 9 SFDR Sub-Funds).

Article 8 and Article 9 SFDR Sub-Funds are subject to particular disclosure requirements, with the purpose of providing transparency to show how the Sub-Fund's environmental and/or social characteristics are met, or how the sustainable investment objective is achieved.

Any decisions taken by the Management Company regarding the classification and the applicable disclosure requirements under the SFDR and the Taxonomy Regulation are based on a good faith assessment, based on information available to it and market practise at the time any such decision is made.

Shareholders should be aware that SFDR and the Taxonomy Regulation are part of a disclosure regime and should not be

relied on as a product labelling regime or as imposing additional obligations other than disclosure requirements in relation to ESG matters and subject to ongoing uncertainties and evolution in material regards as underlying rules and guidance is finalised, or is issued, over time.

◆ **Integration of sustainability risks into investment decisions**

◆ SFDR Regulation

As set out in the SFDR, the Management Company is required to disclose the manner in which sustainability risks are integrated into the investment process and the results of the assessment of the likely impacts of sustainability risks on the returns of the Sub-Funds. A sustainability risk is defined in the SFDR as an ESG event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of an investment. Examples of relevant sustainability risks are set out in **Section 2.5 "Sustainability Risks"**.

The Management Company has adopted HSBC Asset Management's responsible investment policy and related Responsible Investment Policy Implementation Procedures (the "**Policy**") in the integration of sustainability risks into investment decisions for the Sub-Funds. The Investment Advisers integrate this on behalf of the Management Company and have adopted the Policy and therefore integrate sustainability risks into their investment decisions.

The Policy outlines HSBC Asset Management's approach to sustainable investing, focusing on the ten principles of the United Nations Global Compact ("**UNGC**"). The UNGC sets out key areas of financial and non-financial risk: human rights, labour, environment and anti-corruption. The Investment Advisers use third party screening providers to identify companies with a poor track record in these areas of risk and, where potential sustainability risks are identified, the Investment Advisers also carry out their own due diligence. Sustainability risks are monitored on an ongoing basis as part of the Investment Advisers' portfolio management strategy generally.

The Investment Advisers have a duty to act in the best long-term interests of Shareholders. The Investment Advisers believe that sustainability risks can affect the performance of investment portfolios across companies, sectors, regions and asset classes through time. While each Sub-Fund has its own investment objective, the Investment Advisers' goal is to provide Shareholders with competitive risk-adjusted returns over the long term. To achieve this, the Investment Advisers will conduct thorough financial analysis and comprehensive assessment of sustainability risks as part of a broader risk assessment for each Sub-Fund, where relevant.

For more information, please refer to the Policy which can be found on HSBC Asset Management's website.

◆ **Likely Impact of Sustainability Risks on Returns**

Companies that adequately manage sustainability risks should be better placed to anticipate future sustainability risks and opportunities. This makes them more strategically resilient and therefore able to anticipate, and adapt to, the risks and opportunities in relation to sustainability on the horizon. Likewise, if managed inadequately, sustainability risks can adversely impact the value of the underlying company or the competitiveness of the country issuing government bonds. Sustainability risks can materialise in various forms for the issuers or government securities or other investments/assets in which Sub-Funds invest, including (but not limited to):

- ◆ reduced revenue due to shifts in customer preferences, negative impacts on the workforce, social unrest and decreased production capacity;
- ◆ increased operating/capital costs;
- ◆ write-off and early retirement of existing assets;
- ◆ loss of reputation due to fines and judgements and loss of license to operate; and
- ◆ the risk score (and market for) government bonds.

These risks, together or individually, can potentially impact the returns of the Sub-Funds. The likely impacts of sustainability risks on the returns of each Sub-Fund will also depend on each Sub-Fund's investments and the materiality of sustainability risks. The likelihood of sustainability risks arising in respect of a Sub-Fund should be mitigated by the relevant Investment Adviser's approach to integrating sustainability risks in its investment decision-making process as outlined in the Policy. However, there is no guarantee that these measures will completely mitigate or prevent sustainability risks materialising in respect of a Sub-Fund. The likely impact on the return of a Sub-Fund from an actual, or potential, material decline in the value of an investment due to a sustainability risk will therefore vary and depend on several factors including, but not limited to, the type, extent, complexity, duration of the event or condition, prevailing market conditions and the existence of any mitigating factors.

◆ **Actively Managed Sub-Funds**

All actively managed Sub-Funds integrate consideration of sustainability risks in the investment decision-making process. The relevant Investment Adviser integrates sustainability risks by identifying ESG factors that could have a material financial impact on the performance of an investment. Exposure to sustainability risk does not necessarily mean that the relevant Investment Adviser will refrain from taking or maintaining a position in an investment. Rather, the Investment Advisers will consider the assessments of sustainability risks together with other material factors in the context of the investee company or issuer and the investment objective and policy of the Sub-Fund.

Sub-funds investing in financial derivative instruments

Some sub-funds may invest in financial derivative instruments and therefore, sustainability risks are harder to factor in as the sub-funds are not directly investing in the underlying asset.

Sub-funds investing extensively in financial derivative instruments

Some sub-funds may invest extensively in financial derivative instruments and therefore, sustainability risks are harder to factor in as the sub-funds are not directly investing in the underlying asset. Currently, no ESG integration methodology can be applied for the financial derivative instruments, but the Investment Advisers are exploring how such a framework can be set up.

◆ Sub-Funds Investing in Alternative Investments

As some Sub-Funds invest in eligible alternative investments where sustainability risks are harder to factor, no readily available integration methodology can apply. However, as HSBC Asset Management is committed to responsible investing and the protection of our Shareholders' interests, it is developing a proprietary ESG risk framework to be used when investing in and managing alternative investments products. Once finalised, sustainability risk considerations will be factored into alternative investment decisions. The resultant ESG risk framework is expected to mitigate the potential impacts of sustainability risks on the returns of the Sub-Fund.

◆ Consideration of Principal Adverse Impacts

SFDR requires the Management Company to determine whether it considers the principal adverse impacts ("PAIs") of their investment decisions on sustainability factors. The Investment Advisers implement this consideration on behalf of the Management Company. The Investment Advisers are supportive of the aim of this requirement, which is to improve transparency to investors and the market generally as to how the principal adverse impacts of investment decisions on sustainability factors are considered.

In the case of actively managed Article 6 SFDR Sub-Funds, the Investment Adviser does not consider PAIs in the investment strategy, as these Sub-Funds do not have an explicit ESG strategy.

Shareholders should be aware that, as of the date of this Prospectus, all the Sub-Funds of the Company are actively managed Article 6 SFDR Sub-Funds.

The investments underlying these Sub-Funds do not take into account the EU criteria for environmentally sustainable economic activities.

◆ HSBC Asset Management's Responsible Investment Policies

HSBC Asset Management's Responsible Investment Policies

The Responsible Investment Policies of HSBC Asset Management (HSBC) govern the Company's approach to sustainability and the implementation of responsible investment practices and Net-Zero commitments.

In line with HSBC's Responsible Investment Policies, the companies and/or issuers into which the Sub-Funds invest may be subject to stewardship & engagement efforts and due diligence checks. The Sub-Funds may also be subject to the application of investment exclusions. These are referred to as "Excluded Activities" as further described below.

Environmental and social factors, corporate governance practices, lower carbon intensity (if applicable), Excluded Activities and the need for ESG due diligence may be identified and analysed by using, but not exclusively, HSBC's proprietary ESG Materiality Framework and scores, fundamental qualitative research, third party data and corporate engagement. HSBC may rely on expertise, research and information provided by financial and non-financial data providers.

HSBC Asset Management uses third party non-financial data sources, including environmental, social, and governance (ESG) data and scores, to monitor the exposure of companies and issuers to certain activities, breaches of standards, sustainability risks and opportunities, and perform an assessment of environmental and/or social characteristics and sustainable investment objectives where relevant. It is also used for reporting and disclosure purposes. While HSBC Asset Management will assess third party providers as part of initial and ongoing due diligence, it is not possible to guarantee the accuracy, completeness, availability, quality of judgement or timeliness of the data and scores obtained from such providers. Any monitoring performed is subject to limitations in respect of coverage of companies and issuers by third party providers.

HSBC Asset Management does not generally have the ability to individually verify any such ESG data and scores it receives from third party providers and is therefore dependent on the integrity of both the external providers and the processes by which any such data is generated. These data inputs may include information self-reported by companies and from third-party providers, which may be derived from the provider's proprietary estimation models, proxies, assumptions, and techniques that are not made public.

Additionally, there can be significant variances in data and scores supplied across different third-party providers. The lack of consistency and comparability between data and scores that is available may require HSBC Asset Management to make judgements, estimations, and assumptions, as necessary.

HSBC Asset Management may choose to disregard any data or scores it receives on a company or issuer held within a Sub-Fund's portfolio, or which is being considered for investment by

a Sub-Fund, where HSBC Asset Management’s due diligence suggests the information provided by the third-party provider may be inaccurate, incomplete or disproportionate.

Shareholders should be aware that HSBC Asset Management’s Responsible Investment Policies do not apply universally to strategies incorporating third party funds. Where a Sub-Fund invests into other funds or sub-funds, which may include those managed by HSBC, there is a risk that the underlying fund or Sub-Fund will have exposure to companies or issuers that would otherwise be excluded by the Responsible Investment policies of the investing sub-fund. For example, the underlying funds or sub-funds that HSBC invests into may not apply

exclusions or may not have the same interpretation and standards as set out in HSBC’s Banned Weapons Policy or HSBC’s Controversial Weapons definition.

HSBC’s Responsible Investment Policies may be amended from time to time. Any investor relying on the information contained in the sustainability policies should ensure they refer to the latest version which is available on our website at: www.assetmanagement.hsbc.com/about-us/responsible-investing - select your location and then choose Policies and Disclosures.

The Excluded Activities below may be applicable to the Sub-Funds of the Company as disclosed in the respective Sub-Fund Supplement.

Excluded Activity	Details
Banned Weapons	<p>Sub-Funds will exclude companies and/or issuers HSBC considers to have verified or strongly indicated involvement in the development, production, use, maintenance, offering for sale, distribution, import or export, storage or transportation of weapons banned by certain international conventions.</p> <p>Where HSBC has identified potential involvement, those companies and/or issuers may be subject to ESG due diligence checks to determine whether those companies and/or issuers should be excluded from a Sub-Fund’s portfolio.</p> <p>Banned weapons include anti-personnel mines, biological weapons, blinding laser weapons, chemical weapons, cluster munitions & non-detectable fragments.</p>
Controversial Weapons	<p>Sub-Funds will not invest in companies and/or issuers HSBC considers to be directly involved in the production of controversial weapons or their key components. Controversial weapons include depleted uranium ammunition and depleted uranium armour, incendiary weapons, nuclear weapons and white phosphorus weapons.</p> <p>Where HSBC has identified potential involvement, those companies and/or issuers may be subject to ESG due diligence checks to determine whether those companies and/or issuers should be excluded from a Sub-Fund’s portfolio.</p> <p>HSBC may continue to invest in companies and/or issuers with immaterial involvement. HSBC defines immaterial involvement as being companies and/or issuers where less than 5% of revenues is derived from the production of controversial weapons or its key components.</p>
Thermal Coal (Expanders)	<p>Sub-Funds will not participate in initial public offerings ("IPOs") or primary fixed income financing by companies and/or issuers HSBC considers to be engaged in the expansion of thermal coal production.</p>
Thermal Coal (Revenue threshold)	<p>Sub-Funds will not invest in companies and/or issuers HSBC considers to have more than 10% revenue generated from thermal coal power generation or extraction and which, in the opinion of HSBC, do not have a credible transition plan.</p>
Thermal Coal (Revenue threshold)	<p>Sub-Funds will not invest in companies and/or issuers HSBC considers to have more than 2.5% revenue generated from thermal coal power generation or extraction and which, in the opinion of HSBC, do not have a credible transition plan.</p>
Arctic Oil & Gas	<p>Sub-Funds will not invest in companies and/or issuers HSBC considers to have more than 10% of their revenues generated from oil & gas extraction in the Arctic region and which, in the opinion of HSBC, do not have a credible transition plan.</p>
Oil Sands	<p>Sub-Funds will not invest in companies and/or issuers HSBC considers to have more than 10% of their revenues generated from oil sands extraction and which, in the opinion of HSBC, do not have a credible transition plan.</p>
Shale Oil	<p>Sub-Funds will not invest in companies and/or issuers HSBC considers to have more than 35% of their revenues generated from the extraction of Shale Oil and which, in the opinion of HSBC, do not have a credible transition plan.</p>

Tobacco	Sub-Funds will not invest in companies and/or issuers HSBC considers to be directly involved in the production of tobacco.
UNGC	Sub-Funds will not invest in companies and/or issuers HSBC considers to be non-compliant with United Nations Global Compact ("UNGC") Principles. Where instances of potential violations of UNGC principles are identified, companies and/or issuers may be subject to proprietary enhanced due diligence checks to determine their suitability for inclusion in a sub-fund's Portfolio.

2.10 Risk Management Process

The Management Company, on behalf of the Company, will employ a risk-management process which enables it, together with the Investment Adviser of the relevant Sub-Fund, to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each Sub-Fund. The Investment Adviser of the relevant Sub-Fund will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments.

Upon request of an investor, the Investment Adviser will provide to the Management Company for provision to the relevant investor supplementary information relating to the quantitative limits that apply in the risk management of each Sub-Fund, the methods chosen to this end and the recent evolution of the risks and yields of the main categories of instruments.

◆ Responsibility of the Risk Management Team of the Investment Adviser

The Management Company, responsible for the risk management of the Company, has delegated the day to day implementation to the risk management team of the relevant Investment Advisers. They are in charge of the implementation of risk control procedures for the Sub-Funds they manage. This team will collaborate with the investment team of the Investment Advisers to determine various control limits in order to match the risk profile and strategy of the Sub-Funds. The Management Company will supervise these risk management functions and will receive appropriate reports.

When the Investment Adviser invests, on behalf of the Sub-Fund it manages, in different types of assets pursuant to the investment objective, it will follow the risk management and control mechanism as described in the risk management procedure of the Management Company.

◆ Commitment Approach and Value-at-Risk Approach

Commitment Approach

Certain Sub-Funds may have simple and/or limited positions in financial derivative instruments. These Sub-Funds could enter into financial derivative instruments transactions for investment purposes other than hedging techniques and efficient portfolio management, in particular to gain exposure to financial markets when the Investment Adviser of a Sub-Fund believes that it is more efficient to purchase financial derivative instruments than the corresponding physical securities.

Depending upon the extent and type of financial derivative instruments usage, these Sub-Funds may be leveraged.

These Sub-Funds will use the commitment approach to measure market risk.

The commitment approach is generally calculated by converting the derivative contract into the equivalent position in the underlying asset embedded in that derivative, based on the market value of the underlying. Purchased and sold financial derivative instruments may be netted in accordance to guidelines 10/788 issued by CESR in order to reduce global exposure. Beyond these netting rules and after application of hedging rules, it is not allowed to have a negative commitment on a financial derivative instrument to reduce overall exposure and as such, risk-exposure numbers will always be positive or zero.

Value-at-Risk Approach

The other Sub-Funds apply a Value-at-Risk ("VaR") approach to measure market risk.

The global risk measure may be Relative VaR or Absolute VaR with respect of Sub-Fund investment strategies and Reference Benchmark adequacy.

Absolute VaR

The absolute VaR is generally an appropriate approach in the absence of an identifiable reference portfolio or benchmark, for instance for absolute return Sub-Funds. The absolute VaR approach calculates a Sub-Fund's VaR as a percentage of the net asset value of the relevant Sub-Fund which must not exceed an absolute limit of 20%.

Relative VaR

The relative VaR approach is used for Sub-Funds where a consistent reference portfolio or benchmark reflecting the investment strategy which the Sub-Fund is pursuing is defined. The relative VaR of a Sub-Fund is expressed as a multiple of the VaR of a benchmark or reference portfolio and is limited to no more than twice the VaR of the Sub-Fund's Reference Benchmark.

The Sub-Funds use the commitment approach, unless otherwise provided in the respective Sub-Fund Supplement, in case of use of the VaR, the expected level of leverage, the approach used (i.e. absolute VaR or relative VaR) and the reference performance benchmark used to express the relative

VaR (if applicable) are specified in the applicable individual supplement of a Sub-Fund in **Appendix I. "Sub-Fund Supplements"**.

◆ **Liquidity Risk Management Policy**

The Management Company has established a liquidity risk management policy which forms part of the Management Company's risk management policy with the aim to enable it to identify, monitor, manage and mitigate the liquidity risks of the Sub-Funds and to ensure that the liquidity risk profile of the investments of the Sub-Funds will facilitate compliance with the Sub-Funds' obligation to meet redemption requests. Such policy, combined with the governance framework in place and the liquidity management tools of the Management Company, also seeks to achieve fair treatment of Shareholders and safeguard the interests of the remaining or existing Shareholders in case of sizeable redemptions or subscriptions.

The Management Company's liquidity risk management policy takes into account the investment strategy, the dealing frequency, the underlying assets' liquidity (and whether they are priced at fair value) and the ability to defer redemptions in compliance with the Prospectus.

The liquidity risk management policy also involves monitoring the profile of investments held by the Sub-Funds on an on-going basis with the aim to ensure that such investments are appropriate to the redemption policy as stated in **Section 1.3. "How to sell shares"** and **Appendix I. "Sub-Fund Supplements"** as the case may be. Further, the liquidity risk management policy includes details on periodic stress testing carried out to manage the liquidity risk of the Sub-Funds in times of exceptional market conditions.

The Management Company's risk management function is independent from the investment portfolio management function and is responsible for performing monitoring of the Sub-Funds' liquidity risk in accordance with the Management Company's liquidity risk management policy. Exceptions on liquidity risk related issues are escalated to the Management Company's management committee and/or UCITS Risk Oversight Committee with appropriate actions properly documented.

The Management Company may employ one or more tools to manage liquidity risks including, but not limited to:

1. Limiting the number of Shares redeemed for a Sub-Fund on any Dealing Day to 10% or more of the net asset value of any Sub-Fund (subject to the conditions under the heading entitled "**Gating and Partial Deferral of Redemption**" in **Section 1.10 "Liquidity Management Tools"**);
2. Applying an anti-dilution mechanism with the aim to mitigate the effect of transaction costs on the Net Asset Value per Share of a Sub-Fund incurred by significant net subscriptions or redemptions as outlined under the

heading "**Anti-Dilution Mechanism**" of **Section 1.10. "Liquidity Management Tools"**;

3. Declaring, upon consulting the Board of Directors via a written resolution, a suspension of the determination of the Net Asset Value per Share of a Sub-Fund as outlined in **Section 1.9. "Suspension of Dealing or Valuations"**;
4. Accepting transfers in kind; and/or making use of an overdraft facility up to 10% of the Net Asset Value as described in **Appendix II. "General Investment Restrictions"**.

◆ **Risk Monitoring Systems**

Appropriate tools and systems are utilised to monitor different areas of risk, including counterparty risk, market risk, liquidity risk, concentration risk and operational risks.

◆ **Procedure for Counterparty Approval**

Systematic procedures are in place to select and approve counterparties, and to monitor the exposure to various counterparties.

◆ **Investment Breach Reporting**

In case of any investment breach, an "escalation process" up to the Management Company will be triggered to inform relevant parties in order for necessary actions to be taken.

Section 3. Company Details

3.1 General Investment Policies

The Company aims to provide investors with access to a choice of Sub-Funds offering diverse investment objectives including, but not limited to, total return, capital growth and/or income by investing in transferable securities and other eligible assets.

Unless otherwise provided in the respective Sub-Fund Supplement, a Sub-Fund may invest in bank deposits (other than bank deposits at sight), money market instruments or money market funds in order to achieve its investment objective. In addition, each Sub-Fund of the Company may at all times invest in bank deposits (other than bank deposits at sight), money market instruments or money market funds for treasury purposes, pursuant to the applicable investment restrictions.

Each Sub-Fund of the Company may hold up to 20% of its net assets in ancillary liquid assets (i.e. bank deposits at sight, such as cash held in current accounts with a bank accessible at any time), in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under article 41(1) of the 2010 Law.

Under exceptionally unfavourable market conditions and on a temporary basis, and unless otherwise specified in the respective Sub-Fund Supplement, this limit may be increased for a period of time strictly necessary, if justified in the interest of the investors.

In carrying out the investment objectives of the Company, the Board of Directors at all times seeks to maintain an appropriate level of liquidity in the assets of the Sub-Funds so that redemptions of Shares under normal circumstances may be made without undue delay upon request by the Shareholders.

Whilst using their best endeavours to attain the investment objectives, the Board of Directors cannot guarantee the extent to which these objectives will be achieved. The value of the Shares and the income from them can fall as well as rise and investors may not realise the value of their initial investment. Changes in the rates of exchange between currencies may also cause the value of the Shares to diminish or to increase.

On occasion, Sub-Funds may include capital provided by an entity of the HSBC Group as an initial investment, otherwise known as 'seed capital'. This seed capital allows HSBC to support the operations of the Sub-Fund in its early existence prior to material external investment. As the size of the Sub-Fund increases, the relevant entity of the HSBC Group will have the right to withdraw all seed capital, but will manage any withdrawal with the best interests of the remaining Shareholders in mind.

The Board of Directors may from time to time, by amendment of this Prospectus, establish further Sub-Funds which may have different investment objectives and policies to those detailed in

the respective Sub-Fund Supplement, subject however to these conforming to the UCITS status of the Company.

The Sub-Funds will generally invest in HSBC sponsored and/or managed UCITS and/or other Eligible UCIs, unless an appropriate fund is not available

Any excess cash in relation to all Sub-Funds may be invested in HSBC Global Liquidity Funds Plc, in compliance with the investment restrictions of **Appendix II. "General Investment Restrictions"**.

3.2 The Company

◆ Business Structure

Legal Structure

Open-ended investment company with multiple Sub-Funds incorporated in Luxembourg as a *société anyone* qualifying as a *Société d'Investissement à Capital Variable*. Each Sub-Fund corresponds to a distinct part of assets and liabilities. It exists for an unlimited period and qualifies as an undertaking for collective investment in transferable securities under Part I of the 2010 Law implementing Directive 2009/65/EC into Luxembourg law.

Incorporation Date

21 July 2009

Registered Number

B147223 at the *Registre de Commerce et des Sociétés of Luxembourg*.

Articles of Incorporation

Published in the Mémorial on 5 August 2009. The Articles of Incorporation were last amended with effect as of 7 March 2025 and are currently being published in the RESA.

Distributions

Distributions may be declared in accordance with the distribution policy of the Share Class. Further details are provided in **Section 1.12. "Distribution Policy"**.

Taxation

Annual Luxembourg tax of 0.05% on Share Classes, payable quarterly, except for certain Share Classes for which a reduced rate of 0.01% applies (for details see **Section 3.13. "Taxation"**).

Investment Objectives

The Company provides investment in separate professionally managed pools of international securities distinguished by different geographical areas and currencies, with the opportunity for the investor to spread investment risk as well as to choose to emphasise income, capital conservation and growth.

NAV Publication

Details can be obtained from distributors or the registered office of the Company. Generally available in various publications (for details see **Section 1.11. "Pricing and Valuation"**).

Net Asset Value

Calculation on each Dealing Day unless otherwise provided in the respective Sub-Fund Supplement.

Base Currency of the Company

USD

Year End

31 July

◆ Issuance and Ownership

Registered Shares

Ownership of registered Shares is evidenced by entry in the Company's register of Shareholders maintained by the Registrar and Transfer Agent and is represented by confirmation(s) of ownership. A confirmation of ownership will be posted to the shareholders (or the first named of joint Shareholders) or their agents, as directed, at their own risks normally within 21 days of receipt by the Registrar and Transfer Agent of a properly completed Application Form or registration slip, provided cleared monies have then been received by the Company or to its order.

Share Confirmations

Registered Shares with a confirmation of ownership being issued (normally in computerised form) by the Registrar and Transfer Agent have the advantage that they may be converted or redeemed solely on written instructions to the Registrar and Transfer Agent. All registered Shareholders are sent a statement twice a year confirming the number and value of registered Shares held by them in each Sub-Fund.

Bearer Shares

The Company does not issue bearer Shares.

General

At general meetings each shareholder has the right to one vote for each whole Share of which they are the holder unless the right to vote of a shareholder has been suspended by the Board of Directors, a shareholder has undertaken not to exercise their voting rights or the Share they hold does not confer any voting rights in accordance with the Articles of Incorporation.

The Company may register registered Shares jointly in the names of not more than four holders should they so require. In such case the rights attaching to such a Share must be exercised by one person designated to do so. The Company may require that such single representative be appointed by all joint holders.

Shares have no preferential or preemption rights and are freely transferable, save as referred to below.

The Board of Directors may impose restrictions on the ownership of any Shares and if necessary require the transfer of Shares, as it may think necessary, to ensure that Shares are neither acquired nor held by or on behalf of (i) any person in breach of the law or requirements of any country or governmental or regulatory authority, or (ii) any person in circumstances which, in the opinion of the Board of Directors, might result in the Company, its agents or delegates incurring any liability to taxation (including, amongst other, any liability that may derive from obligations arising out of FATCA) or suffering any sanction, penalty, burden or other pecuniary disadvantages (whether pecuniary, administrative, tax, regulatory, operational, other) which the Company, its agents or delegates might not otherwise have incurred or suffered, including a requirement to register under any securities or investment or similar laws or requirements of any country or authority or any circumstances that might otherwise be detrimental to the interests of the Company. The Board of Directors may in this connection require shareholders to provide such information as it may consider necessary to establish whether they are the beneficial owner of the Shares which they hold.

The rights attaching to the Shares relating to any Class (subject to the terms of issue) may only be varied by way of a resolution passed at a separate general meeting of Shareholders relating to that Class subject to the quorum and majority requirements provided by Luxembourg law. The provisions of the Articles of Incorporation relating to general meetings shall mutatis mutandis apply to every separate general meeting of Shareholders of a Class or a Sub-Fund. Two or more Classes or Sub-Funds may be treated as a single Class or Sub-Fund if such Classes or Sub-Funds would be affected in the same way by the proposals requiring the approval of holders of Shares relating to the separate Classes or Sub-Funds.

3.3 Meetings and reports

The annual general meeting of Shareholders of the Company (the "**Annual General Meeting**") is held at the registered office of the Company (or such other place as may be specified in the notice of meeting) in Luxembourg within six months of the end of each Year End.

Other general meetings of Shareholders will be held at such time and place as are indicated in the notices of such meetings.

Notices of general meetings are given in accordance with Luxembourg law, and if required, by publication in the RESA and in a newspaper published in Luxembourg and in such other newspapers as the Board of Directors may determine.

Notices to Shareholders may be communicated by registered mail (post) or in any manner as set forth in applicable law. Furthermore, provided shareholders have individually agreed so in advance, the convening notice may be sent to them by

email, ordinary mail (post), courier services or any other means permitted by law (the "**alternative means**").

Shareholders that have accepted email as an alternative means of convening shall provide their email address to the Company no later than fifteen (15) days before the date of the general meeting. Shareholders that have accepted to receive the convening notice by email but not communicated their email address to the Company shall be deemed to have rejected any convening means other than registered letter, ordinary letter and courier service.

Shareholders may change their address or their email address or revoke their consent to alternative means of convening provided that their revocation or new contact details are received by the Company no later than fifteen (15) days before the general meeting. The Board of Directors is authorised to ask for confirmation of such new contact details by sending a registered letter or an email, as appropriate, to this new address or email address. If the shareholders fail to confirm their new contact details, the Board of Directors is authorised to send any subsequent notice to the previous contact details.

The Board of Directors is free to determine the most appropriate means for convening Shareholders to a Shareholders' meeting and may determine so on a case by case basis depending on the alternative means of communication individually accepted by each shareholder. The Board of Directors may, for the same general meeting, convene Shareholders to the general meeting by email as regards those Shareholders that have provided their email address in time by email and every other shareholder by letter or courier service, if such alternative means have been accepted by them.

Notices will specify the place and time of the meetings, the conditions of admission, the agenda, the quorum and the voting requirements. The requirements as to attendance, quorum and majorities at all general meetings will be those laid down in the Articles of Incorporation.

Under the conditions set forth in Luxembourg laws and regulations, the notice of any general meeting of Shareholders may provide that the quorum and the majority at this general meeting shall be determined according to the Shares issued and outstanding at midnight (Luxembourg time) on the fifth day prior to the general meeting (the "**Record Date**"), whereas the right of shareholders to attend a general meeting of Shareholders and to exercise the voting rights attaching to their Shares shall be determined by reference to the Shares held by this shareholder as at the Record Date. The Year End of the Company end is 31 July each year. The annual report containing the audited consolidated financial accounts of the Company expressed in USD in respect of the preceding financial period and with details of each Sub-Fund in the relevant Base Currency is made available at the Company's registered office, at least 8 days before the Annual General Meeting.

Copies of all reports are available at the registered offices of the Company and/or of the distributors.

Information relating to ' Sub-Fund's portfolio, at each month end, is available to Shareholders, an appropriate time after that month end. Shareholders should contact their usual distributor for such information. A small charge may be levied for the provision of this information.

3.4 The Management Company

The Board of Directors is responsible for the overall investment policy, objectives and management of the Company and its Sub-Funds.

The Board of Directors has appointed HSBC Investment Funds (Luxembourg) S.A. as management company to be responsible on a day-to-day basis under the supervision of the Board of Directors, for providing administration, marketing, investment management and advice services in respect of all Sub-Funds.

The Management Company has delegated the administration functions to the Administration Agent and registrar and transfer agency functions to the Registrar and Transfer Agent.

The Management Company has delegated the marketing functions to the Distributors, the list of which is disclosed in **Appendix V. "Directory"**. The name of the Investment Adviser/Sub-Investment Adviser managing a particular sub-fund is available in the respective Sub-Fund Supplement or at www.assetmanagement.hsbc.com, by selecting the "Funds" tab.

The Management Company was incorporated on 26 September 1988 as a société anonyme under the laws of the Grand Duchy of Luxembourg and is registered with the register of commerce and companies under the number B28 888. Its articles of incorporation are deposited with the register of commerce and companies. The Management Company is authorised by the CSSF as a management company subject to Chapter 15 of the 2010 Law. The share capital of the Management Company is GBP 1,675,000.00 and will be increased to comply at all times with article 102 of the 2010 Law.

As of the date of the Prospectus, the Management Company has also been appointed to act as management company for other investments funds the list of which is available, upon request, at the registered office of the Company.

The Management Company is a member of the HSBC Group, which serves customers worldwide in over 62 countries and territories.

For certain Sub-Funds, entities of the HSBC Group may invest an initial amount, known as 'seed capital'. This seed capital supports the operations of the Sub-Fund in its early existence prior to material external investment. As the size of the Sub-Fund increases, the relevant entity of the HSBC Group will withdraw all seed capital according to a set policy, and will manage any withdrawal with the best interests of the remaining Shareholders in mind. While the seed capital is in the Sub-Fund, the seeding entity of the HSBC group may choose to hedge some or all of its risk exposures in the Sub-Fund to help

manage balance sheet risks. Non-public information on the portfolio will for those purposes be solely made available to the Investment Adviser hedging these risk exposures on behalf of the seed investor.

The Management Company shall ensure compliance of the Company with the investment instructions and oversee the implementation of the Company's strategies and investment policy. The Management Company shall send reports to the Board of Directors on a quarterly basis any non-compliance of the Company with the investment restrictions.

The Management Company will receive reports from services providers in relation to the services which they provide.

3.5 Investment Advisers

The Board of Directors has designated the Management Company to perform the investment management function.

The Management Company has, at its own expense and under its responsibility, control and supervision, and subject to the approval of its competent authority appointed one or more Investment Adviser(s) to perform the investment management function and implement the investment policy of one or several Sub-Funds. In this respect, any appointed Investment Adviser, in accordance with the investment objectives and investment and borrowing restrictions of the Company, will perform the day-to-day management, make and implement asset management and portfolio selection recommendations in connection with the investment and reinvestment of the assets of the Company in the relevant Sub-Funds.

The Management Company will receive periodic reports from any appointed Investment Adviser(s) detailing the Sub-Funds' performance and analysing their investment.

The name of the Investment Adviser/Sub-Investment Adviser managing a particular Sub-Fund is available in respective Sub-Fund Supplement or on the website www.assetmanagement.hsbc.com. Please select your investor type and then 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Sub-Fund.

The Investment Advisers are members of the HSBC Group

3.6 Depositary Bank and Paying Agent

Pursuant to an agreement between the Company, the Management Company and the Depositary Bank (the "**Depositary Services Agreement**") and for the purposes of and in compliance with the 2010 Law and applicable regulations, the Depositary Bank has been appointed as depositary of the Company.

The Depositary Bank is the Luxembourg branch of HSBC Continental Europe, a public limited company incorporated pursuant to the laws of France with company registration number 775 670 284 RCS Paris. HSBC Continental Europe is a wholly owned subsidiary of HSBC Holdings plc. The Depositary

Bank's registered office is located at 18 Boulevard de Kockelscheuer, L-1821 Grand Duchy of Luxembourg and the principal business activity of the Depositary Bank is the provision of financial services, including depositary services. HSBC Continental Europe is supervised by the European Central Bank, as part of the Single Supervisory Mechanism, the French Prudential Supervisory and Resolution Authority (l'Autorité de Contrôle Prudentiel et de Résolution) as the French national competent authority and the French Financial Markets Authority (l'Autorité des Marchés Financiers) for the activities carried out over financial instruments or in financial markets. When providing services to Luxembourg undertakings for collective investment, the Depositary Bank is subject to the supervision of the CSSF.

The Depositary Bank provides services to the Company as set out in the Depositary Services Agreement and, in doing so, shall comply with the 2010 Law, and any other applicable laws and regulations with regard to the obligations of depositaries.

◆ Duties of the Depositary Bank

The Depositary Bank's key duties include the following:

- 1) Ensuring that the Company's cash flows are properly monitored and that all payments made by or on behalf of investors upon the subscription of Shares have been received and that all cash belonging to the Company has been booked in the cash accounts in accordance with the 2010 Law.
- 2) Safekeeping the assets of the Company, which includes (i) holding in custody all financial instruments that may be held in custody; and (ii) verifying the ownership of other assets and maintaining records accordingly.
- 3) Ensuring that sales, issues, repurchases, redemptions and cancellations of the Shares are carried out in accordance with the 2010 Law and the Articles of Incorporation.
- 4) Ensuring that the value of the Shares is calculated in accordance with the 2010 Law and the Articles of Incorporation.
- 5) Carrying out the instructions of the Company and/or of the Management Company acting on behalf of the Company, unless they conflict with the 2010 Law or the Articles of Incorporation.
- 6) Ensuring that in transactions involving the Company's assets any consideration is remitted to the Company within the usual time limits.
- 7) Ensuring that the Company's income is applied in accordance with the 2010 Law and the Articles of Incorporation.

◆ Delegation of functions

The Depositary Bank may delegate its safekeeping functions subject to the terms of the Depositary Services Agreement.

The Depositary Bank may delegate to one or more global sub-custodians (each a "**Global Sub-Custodian**") the safekeeping of certain of the assets of the Company in accordance with the terms of a written agreement between the Depositary Bank and the Global Sub-Custodian. The Global Sub-Custodian may also use sub-delegates appointed in accordance with the terms of written agreements for the safekeeping of certain of the assets of the Company.

An up-to-date list of the appointed Global Sub-Custodians and sub-delegates is available on the following website:

www.assetmanagement.hsbc.com/gam/attachments/kiid/custody_network_via_hsbc_bank_plc.pdf

Under the terms of the Depositary Services Agreement, the Depositary Bank is liable for losses suffered by the Company as a result of its negligence or wilful default to properly fulfil its obligations. Subject to the paragraph below, and pursuant to the Depositary Services Agreement, the Depositary Bank will be liable to the Company for the loss of financial instruments of the Company which are held in its custody.

The liability of the Depositary Bank will not be affected by the fact that it has delegated the safekeeping of the Company's assets to a third party.

The Depositary Bank will not be liable where the loss of financial instruments arises as a result of an external event beyond the reasonable control of the Depositary Bank, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Depositary Bank shall not be liable for any indirect, special or consequential loss.

◆ **Conflicts of interest**

From time to time, actual or potential conflicts of interest may arise between the Depositary Bank and its delegates, for example, where a delegate is an affiliate of the Depositary Bank, the Depositary Bank may have a financial or business interest in that delegate and these interconnections could give rise to potential conflicts of interest resulting in selection bias (choice of the delegate not based on quality and price), insolvency risk (lower standards in asset segregation or attention to the delegate's solvency) or single group exposure risk.

Actual or potential conflicts of interest may arise between the Company, the Company's Shareholders or the Management Company on the one hand and the Depositary Bank on the other hand. The Management Company and the Depositary Bank are part of HSBC Holdings plc, which is a multi-service banking group, providing its clients all forms of banking and investment services. As a result, there may be conflicts of interest between the various activities of these companies and their duties and obligations to the Company. For example such actual or potential conflict of interest may arise because the Depositary Bank is part of a legal entity or is related to a legal entity which provides other products or services to the Company. The Depositary Bank may have a financial or business interest in the provision of such products or services, or may

receive remuneration for related products or services provided to the Company, or may have other clients whose interests may conflict with those of the Company, the Company's Shareholders or the Management Company.

The Depositary Bank and any of its affiliates may effect, and make a profit from, transactions in which the Depositary Bank (or its affiliates, or another client of the Depositary Bank or its affiliates) has (directly or indirectly) a material interest or a relationship of any description and which involves or may involve a potential conflict of interest with the Depositary Bank's duty to the Company. This includes for example circumstances in which the same entity to which the Depositary Bank or any of its affiliates or connected persons belong, acts as administration agent of the Company; provides stock lending services and foreign exchange facilities to the Company and/or a Sub-Fund and/or to other funds or companies; acts as banker, derivatives counterparty of the Company and/or a Sub-Fund; acts in the same transaction as agent for more than one client; or earns profits from or has a financial or business interest in any of these activities.

The Depositary Bank has a conflicts of interest policy in place to identify, manage and monitor on an on-going basis any potential conflict of interest. As per such policy where a potential conflict of interest is identified by an employee it should immediately be escalated to the line manager/senior management and/or HSBC's Compliance department. The situation will be analysed, recorded and managed promptly in the best interest of the Company's Shareholders. A Conflict of Interest Register is maintained and monitored by HSBC's Compliance department.

◆ **Miscellaneous**

Up to date information regarding the name of the Depositary Bank, any conflicts of interest and delegations of the Depositary Bank's safekeeping functions will be made available to Shareholders on request and free of charge at the registered office of the Depositary Bank.

The appointment of the Depositary Bank under the Depositary Services Agreement may be terminated without cause by not less than (90) days written notice provided that the Depositary Services Agreement does not terminate until a replacement depositary bank has been appointed which must happen within two months.

3.7 Administration

◆ **Administration Agent**

HSBC Continental Europe, Luxembourg was appointed as administration agent of the Company pursuant to an agreement, which may be terminated by a notice given not less than ninety (90) days in advance by either party to the other.

The Administration Agent may, under its responsibility, delegate some of its functions to a third party service provider.

As the Administration Agent, HSBC Continental Europe, Luxembourg, will assume all administrative duties that arise in connection with the administration of the Company, in particular, the Net Asset Value calculation and accounting function.

◆ Registrar and Transfer Agent

HSBC Continental Europe, Luxembourg was appointed as registrar and transfer agent of the Company pursuant to an agreement, which may be terminated by a notice given not less than ninety (90) days in advance by either party to the other.

HSBC Continental Europe, Luxembourg is responsible for the registrar function and the client communication function and, may, under its responsibility, delegate some of its functions to a third party service provider.

◆ Domiciliary Agent

ONE Corporate was appointed by the Company as Domiciliary Agent.

3.8 Distributors

The Management Company, as Global Distributor, has the power to appoint Distributors which may, subject to their terms of appointment, appoint sub-distributors. The Distributors, which are companies of the HSBC Group, are listed in **Appendix V. "Directory"**.

The Distributors and sub-distributors are entitled to receive sales charges applied at their discretion and conversion charges on all Shares they handle. The Distributors and sub-distributors may reallocate such charges at their absolute discretion.

◆ Representative in the United Kingdom

HSBC Global Asset Management (UK) Limited has been appointed pursuant to the Financial Services and Markets Act 2000 (the "Act") as representative of the Company in the United Kingdom by an agreement concluded for an unlimited period of time, which may be terminated by either party upon giving three months' notice. HSBC Global Asset Management (UK) Limited is authorised and regulated in the United Kingdom by the Financial Conduct Authority ("FCA").

The UK representative is required to maintain certain facilities in the United Kingdom on behalf of the Company, as a recognised collective investment scheme. Copies of the Articles of Incorporation and any amending resolutions, the latest Prospectus, the latest Key Investor Information Document and the most recently prepared annual and semi-annual reports and accounts may be obtained or inspected free of charge during normal business hours at the offices of HSBC Global Asset Management (UK) Limited whose registered office is given in **Appendix V. "Directory"**.

The UK representative also makes available details of the Offer and Redemption Prices. Requests for subscriptions, redemptions, repurchases and conversions of Shares by UK residents may be made through the UK Representative who will

send to the Company forthwith such requests and any complaints in connection with matters arising from dealings in the Shares.

3.9 Availability of Documents

◆ General

The following documents are available for inspection during usual business hours on any weekday (Saturdays and public holidays excepted) at the registered office of the Company:

- 1) the Articles of Incorporation
- 2) the material contracts
- 3) the most recent Prospectus
- 4) the most recent Key Information Document and/or Key Investor Information Documents
- 5) the latest annual and semi-annual reports.

Investors may obtain copies of all the above-mentioned documents, except the material contracts, free of charge upon request at the registered office of the Company.

In addition, the Key Information Documents and/or Key Investor Information Documents are available on www.assetmanagement.hsbc.com and are dependent on jurisdiction. Please select your investor type and then 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Sub-Fund. Investors may download these documents from the above website or obtain it in paper form or on any other durable medium agreed between the Management Company or the intermediary and the investor.

Additional information is made available by the Management Company at its registered office, upon request, in accordance with the provisions of Luxembourg laws and regulations. This additional information includes the procedures relating to complaints handling, the strategy followed for the exercise of voting rights of the Company, the policy for placing orders to deal on behalf of the Company with other entities, the best execution policy as well as the arrangements relating to the fee, commission or non-monetary benefit in relation with the investment management and administration of the Company.

In addition, the name of the Investment Adviser/Sub-Investment Adviser currently acting for each Sub-Fund can be obtained at the registered office of the Company and is available at www.assetmanagement.hsbc.com. Please select your investor type and then 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Sub-Fund.

◆ Queries and Complaints

Any person who would like to receive further information regarding the Company or who wishes to make a complaint about the operation of the Company should contact the Distributors listed in **Appendix V. "Directory"** or the

Management Company, HSBC Investment Funds (Luxembourg) S.A., 18, Boulevard de Kockelscheuer, L - 1821 Luxembourg, Grand Duchy of Luxembourg.

3.10 Benchmark Regulation

The indices or benchmarks used by the Sub-Funds are either:

- not in scope of the BMR; or
- provided by a benchmark administrator which has been included in ESMA's register of benchmark administrators; or
- a non-EU benchmark included in ESMA's register of third country benchmarks; or
- provided by benchmark administrators which are located in a non-EU country which benefit from the transitional arrangements set out in article 51(5) of the BMR and accordingly have not yet been included in the register of third country benchmarks maintained by ESMA pursuant to Article 36 of the BMR.

In accordance with the BMR, the Management Company maintains a written plan setting out the actions that will

be taken in the event of a benchmark materially changing or ceasing to be provided. This plan is available upon request and free of charge at the registered office of the Management Company.

3.11 Conflicts of Interest

The Management Company and any specific Sub-Fund, Investment Adviser, the sales agents, the Administration Agent, the Registrar and Transfer Agent, the Depository Bank may from time to time act as management company, investment manager or adviser, sales agent, administrator, registrar and transfer agent or depository bank in relation to, or be otherwise involved in, other funds or collective investment schemes which have similar investment objectives to those of the Company or any Sub-Fund. It is therefore possible that any of them may, in the due course of their business, have potential conflicts of interest with the Company or any Sub-Fund.

The relevant parties have adopted policies and procedures reasonably designed to prevent, limit or mitigate conflicts of interest. In addition, these policies and procedures are designed to comply with applicable law and regulation where the activities that give rise to conflicts of interest are limited or prohibited by law, unless an exception is available.

The Board of Directors and each of the relevant parties will at all times have regard to its obligations under any agreements to which it is party or by which it is bound in relation to the Company or any Sub-Fund. In particular, but without limitation to its obligations to act in the best interests of the Shareholders when undertaking any dealings or investments where conflicts of interest may arise, each will respectively endeavour to ensure that such conflicts are identified, mitigated and resolved fairly if they cannot be avoided.

There is no prohibition on the Company entering into any transactions with the Management Company or any specific Sub-Fund, Investment Adviser, the sales agents, the Administration Agent, the Registrar and Transfer Agent, the Depository Bank or with any of their affiliates, or investing the assets of or reinvest the cash collateral received by any Sub-Fund in any investment products or funds managed, launched or offered by any of the above-mentioned entities, provided that such transactions are carried out as if effected on normal commercial terms negotiated at arm's length. The Investment Advisers or any affiliates acting in a fiduciary capacity with respect to client accounts may recommend to or direct clients to buy and sell Shares of the Company. If a client defaults on its obligation to repay indebtedness to the HSBC Group that is secured by Shares in the Company, and the HSBC Group forecloses on such interest, the HSBC Group would become a shareholder of the Company. As a consequence, the HSBC Group and its affiliates could hold a relatively large proportion of Shares and voting rights in the Company.

Affiliates of the HSBC Group act as counterparties for certain forward foreign exchange and financial futures contracts.

The Management Company has established, implemented an effective conflict of interest policy which is maintained and available on its website <https://www.assetmanagement.hsbc.lu/-/media/files/attachments/common/countries/luxembourg/conflicts-of-interest-feb-2024.pdf>.

The Board of Directors will seek to ensure that any conflict of interest of which they are aware is resolved fairly.

3.12 Liquidation & Merger

Liquidation and Merger of the Company

With the consent of the Shareholders expressed in the manner provided for by articles 450-3 and 1100-2 of the 1915 Law, the Company may be liquidated. Upon a decision taken by the Shareholders of the Company or by the liquidator duly authorised and subject to a one month's prior notice to the Shareholders, all assets and liabilities of the Company may be transferred to another undertaking for collective investment having substantially the same characteristics as the Company in exchange for the issue to Shareholders in the Company of Shares of such corporation or fund proportionate to their shareholdings in the Company.

If at any time the value at their respective Net Asset Values of all outstanding shares falls below two thirds of the minimum capital for the time being prescribed by Luxembourg law, the Board of Directors must submit the question of dissolution of the Company to a general meeting of Shareholders acting, without minimum quorum requirements, by a simple majority decision of the Shares represented at the meeting.

If at any time the value at their respective Net Asset Values of all outstanding shares is less than one quarter of the minimum capital for the time being required by Luxembourg law, the

Board of Directors must submit the question of dissolution of the Company to a general meeting, acting without minimum quorum requirements and a decision to dissolve the Company may be taken by the Shareholders owning one quarter of the Shares represented at the meeting.

Liquidation and Merger of Sub-Funds or Classes

Liquidations

The Board of Directors may decide to liquidate any Sub-Fund or Class under one or more of the following conditions:

- ◆ the Net Asset Value of a Sub-Fund fall below USD 50 million
- ◆ a change in the economic or political situation relating to a Sub-Fund concerned would justify such liquidation
- ◆ if laws and regulations applicable to the Company or any of its Sub-Funds or Classes so justify it
- ◆ the liquidation is related to an economic rationalisation; or
- ◆ if the interests of Shareholders would justify it

The decision of liquidation will be published or notified to the Shareholders by the Company to the extent possible prior to the effective date of the liquidation and the publication or notification will indicate the reasons for, and the procedures of, the liquidation operations. Unless the Board of Directors otherwise decides in the interests of, or to keep equal treatment between, the Shareholders, the Shareholders of the Sub-Fund or Class concerned may continue to request redemption or conversion of their Shares. Assets which could not be distributed to their beneficiaries upon the close of the liquidation of the Sub-Fund or Class concerned will be deposited with the Caisse de Consignation on behalf of their beneficiaries.

Where the Board of Directors does not have the authority to do so or where the Board of Directors determines that the decision should be taken by the Shareholders, the decision to liquidate a Sub-Fund or Class may be taken at a meeting of Shareholders of the Class to be liquidated instead of being taken by the Board of Directors. At such Sub-Fund or Class meeting, no quorum shall be required and the decision to liquidate must be approved by Shareholders with a simple majority of the votes cast. The decision of the meeting will be notified to the Shareholders and/or published by the Company.

Mergers

Any merger or split of a Sub-Fund or Class shall be decided by the Board of Directors unless the Board of Directors decides to submit the decision for a merger/split to a meeting of Shareholders of the Sub-Fund or Class concerned. No quorum is required for this meeting and decisions are taken by the simple majority of the votes cast.

In case of a merger of a Sub-Fund where, as a result, the Company ceases to exist, the merger shall be decided by a meeting of Shareholders for which no quorum is required and

the decision must be approved by the Shareholders with a simple majority of the votes cast.

3.13 Taxation

The following summaries are based on the Company's understanding of the current law, regulations and administrative practice in force at the date of this Prospectus and may accordingly change in the future.

As Shareholders will be resident for tax purposes in various jurisdictions, no attempt has been made in this Prospectus to summarise the tax consequences for every jurisdiction which may be applicable to investors subscribing for, purchasing, holding, exchanging, selling or redeeming Shares. These consequences will vary in accordance with the law and practice in force in the relevant shareholder's country of citizenship, residence, domicile or incorporation and with their personal circumstances. Hence no shareholder should solely rely on the following guidance when determining the tax consequences of investing in the Shares.

It is the responsibility of Shareholders or prospective Shareholders to inform themselves of the possible tax consequences of subscribing for, purchasing, holding, exchanging, selling or redeeming Shares in the light of the laws of the country relevant to their citizenship, residence or domicile and of their personal circumstances and to take appropriate professional advice regarding exchange control or other legal restrictions relating thereto. Shareholders and prospective investors also should bear in mind that levels and bases of taxation, as well as tax authority practices, may change and that such changes may have, depending on the countries, retrospective effect.

General

In many markets the Company, as a foreign investment fund, may be subject to non-recoverable tax on income and gains (either by withholding or direct assessment) in relation to the investment returns it realises from its holdings of shares and securities in those markets. Where practicable the Company will make claims under the relevant double tax treaties and the domestic law of the countries concerned in order to minimise the impact of local taxation on the investment return and to obtain the best return for its Shareholders. Those claims will be made on the basis of the Company's understanding of the validity of such claims given the information available from the Company's depositaries, external advisers and other sources as to the interpretation and application of the relevant legal provisions by the tax authorities in the country concerned.

The Company will seek to provide for tax on capital gains where it considers that it is more likely than not that the tax will be payable, given the advice and information available to the Company at the date concerned. However, any provision held may be insufficient to cover, or be in excess of, any final liability.

The Company will seek to claim concessionary tax treatment and account for tax on a reasonable efforts basis, given the tax

law and practice at that date. Any change in tax law or practice in any country where the Company is registered, marketed or invested could affect the value of the Company's investments in the affected country. In particular, where retrospective changes to tax law or practice are applied by the legislature or tax authorities in a particular country these may result in a loss for current Shareholders in the affected Sub-Fund. The Company does not offer any warranty as to the tax position of returns from investments held in a particular market nor of the risk of a retrospective assessment to tax in a particular market or country.

Investors and potential investors should note the **Section "Emerging Markets"** in **Section 2.3. "General Investment Risks"** and also refer to the information on the Foreign Account Tax Compliance Act ("**FATCA**") in the **Section "Taxation of Shareholders"** in **Section 3.13. "Taxation"**.

Taxation of the Company and its investments

◆ Grand Duchy of Luxembourg

The Company is not subject to taxation in Luxembourg on its income, profits or gains in the Grand Duchy of Luxembourg.

The Company is not subject to net wealth tax in the Grand Duchy of Luxembourg. No stamp duty, capital duty or other tax will be payable in Luxembourg upon the issue of the Shares of the Company.

Distributions made by the Company as well as liquidation proceeds and capital gains derived therefrom are not subject to withholding tax or VAT in the Grand Duchy of Luxembourg.

The Sub-Funds are nevertheless, in principle, subject to a subscription tax (*taxe d'abonnement*) levied at the rate of 0.05% *per annum* based on their NAV at the end of the relevant quarter, calculated and paid quarterly. A reduced subscription tax rate of 0.01% *per annum* is however applicable to any Sub-Funds authorised as money market funds, in accordance with Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds, hereinafter "**Regulation (EU) 2017/1131**", without prejudice to Article 175, letter b) of the 2010 Law. A reduced subscription tax rate of 0.01% *per annum* is also applicable to any Sub-Funds or Share Class provided that their shares are only held by one or more Institutional Investors.

A subscription tax exemption applies to:

- 1) The portion of any Sub-Fund's assets (prorata) invested in a Luxembourg investment fund or any of its Sub-Funds to the extent it is subject to the subscription tax;
- 2) Any Sub-Fund (i) whose securities are only held by Institutional Investor(s), and (ii) that are authorised as short-term money market funds in accordance with regulation (EU) 2017/1131 and (iii) that have obtained the highest possible rating from a recognised rating agency. If several Share Classes are in issue in the relevant Sub-Fund

meeting (ii) and (iii) above, only those Share Classes meeting (i) above will benefit from this exemption;

- 3) Any Sub-Fund, whose securities are reserved for (i) institutions for occupational retirement pension or similar investment vehicles, set up on one or more employers' initiative for the benefit of their employees and (ii) companies of one or more employers investing funds they hold, to provide retirement benefits to their employees and (iii) savers in the context of a pan-European personal pension product established under Regulation (EU) 2019/1238 of the European Parliament and of the Council of 20 June 2019 on a pan-European personal pension product ("**PEPP**");
- 4) Any Sub-Fund, whose main objective is the investment in microfinance institutions; and
- 5) Any Sub-Fund, (i) whose securities are listed or traded on a stock exchange or another regulated market operating regularly, recognised and open to the public and (ii) whose exclusive object is to replicate the performance of one or more indices. If several Share Classes are in issue in the relevant Sub-Fund meeting (ii) above, only those Share Classes meeting (i) above will benefit from this exemption.

The Company is considered as a taxable person for value added tax ("**VAT**") purposes without any input VAT deduction right. A VAT exemption applies in Luxembourg for services qualifying as fund management services. Other services supplied to the Company from abroad could require it to self-assess for VAT.

◆ Luxembourg Pillar II Law

The below is a very high-level (and non-exhaustive) overview of the potential implications of the Pillar II rules on the Company.

The Pillar II rules apply a system of supplementary (so-called top-up) taxes in order to bring the effective tax rate of certain taxpayers in a jurisdiction up to the minimum rate of 15%.

According to Article 2(1) of the Luxembourg law of 22 December 2023 on effective minimum taxation, as amended from time to time (the "**Luxembourg Pillar II Law**"), the Luxembourg Pillar II rules will in principle apply to any Luxembourg constituent entity that is a member of a so-called multinational enterprise ("**MNE**") group or of a large-scale domestic group, with an annual revenue of EUR 750,000,000 or more in the UPE's consolidated financial statements in at least two of the four fiscal years immediately preceding the tested fiscal year (a "**Luxembourg Constituent Entity**").

As a consequence, a Luxembourg Constituent Entity may become subject, if certain other conditions are met, to one of the following Pillar II top-up taxes: (a) a qualified domestic minimum top-up tax ("**QDMTT**", applicable to fiscal years starting as from 31 December 2023), (b) an income inclusion rule ("**IIR**") top-up tax (applicable to fiscal years starting as from 31 December 2023) or (c) an undertaxed profit rule ("**UTPR**") top-up tax (applicable to fiscal years starting as from 31

December 2024). It should be noted that when the QDMTT is applicable, it takes priority over other Pillar II top-up taxes (IIR/UTPR). The QDMTT, the IIR top-up tax and the UTPR top-up tax are collectively referred to as "Pillar II Top-Up-Taxes". The Pillar II Top-Up Taxes are computed and applied on a jurisdiction-per-jurisdiction basis, under a top-down approach.

On this basis, the Company could become part of an MNE group that falls within the scope of the Luxembourg Pillar II Law. This could be the case for instance, if the Company is financially consolidated, on a line-by-line basis, with an investor and the EUR 750,000,000 threshold is met. However, in such a case it should be noted that the Company should be excluded from the scope of the QDMTT under the Luxembourg Pillar II Law for qualifying an "investment entity". In addition, UCITS Part I funds are generally not required to prepare consolidated accounts. Pillar II Top-Up Taxes may also arise locally (e.g. in the jurisdiction of a particular investor or a particular investment of the Company). In any case, where any consolidation or deemed consolidation requirement is identified by an investor in respect of its investment in the Company, that investor shall be required to inform the Company as soon as it is identified, and indemnify the Company for any Pillar II tax liability and tax compliance costs that may be incurred by the Company as a result of the consolidation or deemed consolidation of the Company in the consolidated financial statements of the investor.

Prospective investors shall undertake their own Pillar II assessment in line with the domestic rules applicable in their jurisdiction of tax residence and will provide any information to any party that may deem relevant for the purpose of assessing potential Pillar II implications on the Company.

Withholding Tax

Income received by the Company (especially interest and dividends) may be subject to non-recoverable withholding tax or assessed tax in the countries in which the Company's assets are invested. The Company may further be subject to tax on the realised or unrealised capital appreciation of its assets in the countries of origin. The Company may benefit from double tax treaties entered into by the Grand Duchy of Luxembourg, which may provide for exemption from withholding tax or reduction of withholding tax rate.

◆ Hong Kong SAR

The Company may be subject to Hong Kong SAR profits tax in relation to a particular Sub-Fund if it is treated as carrying on a trade or business in Hong Kong SAR either on its own account or through the agency of the investment adviser of that Sub-Fund. If the Company is treated as carrying on business in Hong Kong SAR, a liability to profits tax, the rate of which is currently 16.5%, will only exist in respect of any profits of the relevant Sub-Funds which arise in or are derived from Hong Kong SAR from that trade or business, and which are not capital in nature.

Under Hong Kong SAR tax law and practice funds resident outside Hong Kong SAR ("**Offshore Funds**") are exempted from Hong Kong SAR profits tax providing certain conditions are met. It is intended that affairs of the Company shall be conducted as far as possible to comply with the conditions for exemptions from profits tax. However, the Company can offer no warranty that such exemptions will be obtained in every instance.

◆ China

Where the Company invests in shares and securities issued by companies tax resident (or with their primary activity) in the PRC, securities issued by government agencies in the PRC or other permissible PRC investments, the Company may be subject to Corporate Income Tax ("**CIT**"), withholding and other taxes imposed in the PRC.

The tax laws, regulations and practice in the PRC are constantly changing, and they may be changed with retrospective effect. In particular, there is uncertainty as to whether and how capital gains are to be taxed. Therefore any provision for PRC tax liabilities that the Company may hold is likely to be excessive or inadequate to meet final PRC tax liabilities, and in particular (but not exclusively) in relation to gains derived from the disposal of PRC investments.

Consequently, the Company and Shareholders may be disadvantaged depending upon the final outcome of how PRC investment returns will be taxed.

Further details of the taxation of the Company's investments in the PRC can be found in Section Risks Associated with the People's Republic of China ("**PRC**").

◆ India

The Income Tax Act, 1961 ("**ITA**") introduced the General Anti Avoidance Rule ("**GAAR**") which has been effective since 1 April 2017. Under GAAR, the Indian tax authorities have been given the power to re-characterise or disregard any arrangement which qualifies as an "impermissible avoidance arrangement" ("**IAA**"). This means an arrangement, the main purpose of which is to obtain a "tax benefit" (i.e., a reduction or avoidance of tax that would be payable under the ITA), and, amongst other things, which "lacks" or is "deemed to lack" commercial substance in whole or in part. The Income Tax Rules further clarify that a Foreign Portfolio Investor ("**FPI**") making investments in securities in the Indian market and availing any benefits under the double taxation avoidance agreement ("**DTAA**") could fall within the purview of GAAR. Accordingly, there is a risk that Indian tax authorities could deny tax exemption or relief claimed as per the provisions of the DTAA by invoking provisions of the GAAR. The Income Tax Rules also provide that investments made up to 31 March 2017 will be protected from the application of the GAAR.

Further details of the taxation of the Company's investments in the India can be found in **Section 2.7. "Risks Pertaining to Investment in Specific Countries or Sectors"**, India (Investment in India).

◆ United Kingdom

It is the intention of the Board of Directors to conduct the affairs of the Company so that it does not become resident in the United Kingdom. On the basis that the Company is not resident in the United Kingdom for tax purposes it should not be subject to United Kingdom corporation tax on its income and capital gains.

It is the intention of the Company that assets held by the Funds will generally be held for investment purposes and not for the purposes of trading.

◆ Belgium

The Belgian government enacted a law which charges an annual net asset value tax on foreign investment funds registered with the Financial Services and Markets Authority ("FSMA"). An annual tax of 0.0925% is charged on the net outstanding amounts of Shares placed in Belgium through Belgian financial intermediaries on 31 December of the preceding year.

To date as the amounts are small, the Management Company has paid this tax cost on behalf of the Company out of the Operating, Administrative and Servicing Expenses it receives. However, should the cost become substantial or long term the Management Company may require the Sub-Funds concerned to bear that tax charge for future periods.

Taxation of Shareholders

Prospective investors should ascertain from their professional advisers the consequences to them of acquiring, holding, redeeming, transferring, selling or converting Shares under the relevant laws of the jurisdictions to which they are subject, including the tax consequences and any exchange control requirements.

These consequences will vary with the law and practice of a shareholder's country of citizenship, residence, domicile or incorporation and with his personal circumstances.

Prospective investors also should bear in mind that levels and bases of taxation may change.

Automatic Exchange of Information

OECD Common Reporting Standards Reporting

The OECD has developed, among other things a global standard for the automatic exchange of information on financial accounts in tax matters (Common Reporting Standard, hereinafter "CRS"). On 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "Euro-CRS Directive") was adopted in order to implement the CRS among the Member States. The Euro-CRS Directive was implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation ("CRS Law").

The CRS Law requires Luxembourg financial institutions to identify financial assets holders and establish if they are tax

resident in countries with which Luxembourg has a tax information sharing agreement. Accordingly, the Company may require its investors to provide information in relation to the identity and tax residence of financial account holders (including certain entities and their controlling persons) in order to ascertain their CRS status. Responding to CRS-related questions is mandatory. The personal data obtained will be used for the purpose of the CRS Law or such other purposes indicated by the Company in the data protection section of the Prospectus in compliance with Luxembourg data protection law. Information regarding shareholders and their accounts will be reported to the Luxembourg tax authorities (*Administration des Contributions Directes*), which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis if such account is deemed a CRS reportable account under the CRS Law.

The information to be transmitted is essentially the following:

- Family name, first name, address, tax identification number, countries of residence as well as the date and place of birth of each reportable person,
- register number,
- register balance or value,
- credited capital gains, including sales proceeds.

In addition, Luxembourg signed the OECD's multilateral competent authority agreement ("**Multilateral Agreement**") to exchange information automatically under the CRS. The Multilateral Agreement aims to implement the CRS among non-Member States; it requires agreements on a country-by-country basis.

The Company reserves the right to refuse any application for Shares if the information provided or not provided does not satisfy the requirements under the CRS Law.

The foregoing is only a summary based on the current interpretation thereof and does not purport to be complete in all respects. It does not constitute investment or tax advice and investors and prospective investors should therefore seek advice from their financial or tax adviser on the full implications for themselves.

DAC6

On 25 May 2018, the EU Council adopted a directive (2018/822 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation) that imposes a reporting obligation on parties involved in transactions that may be associated with aggressive tax planning ("**DAC6**"). DAC6 has been implemented in Luxembourg by the law of 25 March 2020 (the "**DAC6 Law**").

More specifically, the reporting obligation will apply to cross-border arrangements that, among others, meet one or more "hallmarks" provided for in the DAC6 Law that is coupled in

certain cases, with the main benefit test (the "**Reportable Arrangements**").

In the case of a Reportable Arrangement, the information that must be reported includes *inter-alia* the name of all relevant taxpayers and intermediaries as well as an outline of the Reportable Arrangement, the value of the Reportable Arrangement and identification of any member states likely to be concerned by the Reportable Arrangement.

The reporting obligation in principle rests with the persons that design, market or organise the Reportable Arrangement or provide assistance or advice in relation thereto (the so-called "**intermediaries**"). However, in certain cases, the taxpayer itself can be subject to the reporting obligation.

The information reported will be automatically exchanged between the tax authorities of all Member States.

In light of the broad scope of the DAC6 Law, transactions carried out by the Company may fall within the scope of the DAC6 Law and thus be reportable.

Investors should consult their professional advisors on the possible tax and other consequences with respect to the implementation of the CRS and DAC6.

Foreign Account Tax Compliance Act ("FATCA")

The Foreign Account Tax Compliance provisions of the Hiring Incentives to Restore Employment Act ("**FATCA**") generally impose a U.S. federal reporting and withholding tax regime with respect to certain U.S. source income (including, among other types of income, dividends and interest) and gross proceeds from the sale or other disposal of property. The rules are designed to require certain U.S. persons' direct and indirect ownership of certain non-U.S. accounts and non-U.S. entities to be reported to the U.S. Internal Revenue Service. The 30% withholding tax regime could apply if there is a failure to provide certain required information. On 28 March 2014, the Grand Duchy of Luxembourg entered into an Intergovernmental Agreement ("**IGA**"), in accordance with model 1, and a related memorandum of understanding with the United States of America to facilitate FATCA compliance and reporting. The IGA was transposed into Luxembourg law via the Law of 24 July 2015, as modified. Under the terms of the IGA, the Company will be required to report to the Luxembourg tax authorities certain information about US investors (including indirect investments held through certain passive investment entities) as well as non-US financial institutions that do not comply with FATCA. Such information will be onward reported by the Luxembourg tax authorities to the US Internal Revenue Service.

The Company intends to comply with the terms of the IGA and the Luxembourg law of 24 July 2015 implementing the IGA into Luxembourg law. Therefore the Company expects to be treated as a compliant financial institution and does not expect any FATCA withholding to apply on payments made to it.

If an investor or an intermediary through which the investor holds its interest in the Company fails to provide the Company, its agents or authorised representatives with any correct, complete and accurate information that may be required for the Company to comply with FATCA, the investor may be subject to withholding on amounts otherwise distributable to them or they may be compelled to sell their Shares or, in certain situations, the investor's Shares may be sold involuntarily (if legally permitted). The Company may at its discretion enter into any supplemental agreement without the consent of investors to provide for any measures that the Company deems appropriate or necessary to comply with FATCA.

Shareholders in the Company should consult their own tax advisors regarding the FATCA requirements with respect to their own particular circumstances. In particular, Shareholders who hold their Shares through intermediaries should check the intermediaries' intention to comply with FATCA. In any case, Shareholders in the Company and potential investors should take note and acknowledge that the Company or the Management Company may be required to disclose to the Luxembourg tax authority certain confidential information in relation to the investor and the Luxembourg tax authority may be required to automatically exchange such information with the Internal Revenue Service.

Although the Company will attempt to satisfy any obligations imposed on it to avoid the imposition of the FATCA withholding tax, no assurance can be given that the Company will be able to satisfy these obligations. If the Company becomes subject to a withholding tax as a result of the FATCA regime, the value of the Shares held by Shareholders may suffer material losses.

France

Article 150-0D of the Tax General Regulation

Currently applies to:

- ◆ HSBC Portfolios – World Selection 5
- ◆ HSBC Portfolios – World Selection 4
- ◆ HSBC Portfolios – World Selection 3

In order for the abovementioned Sub-Funds to claim eligibility under Article 150-0D 1ter of the Tax General Regulation, the total amount invested in Equity or Equity-equivalent securities must not be less than 75% at any point in time.

The annual and semi-annual reports of the Company will provide a confirmation of the eligibility of those Sub-Funds as well as the date from which they are eligible.

Germany

The Sub-Funds listed below will seek to continuously invest a minimum percentage of their net assets in equity assets as defined in sec. 2 para 8 German Investment Tax Act (2018).

% of Sub-Fund's Net Assets	Sub-Funds
-------------------------------	-----------

More than 50%	HSBC Portfolios – World Selection 5
At least 25%	HSBC Portfolios – World Selection 4
	HSBC Portfolios – World Selection 3

Luxembourg

Tax treatment varies depending on whether the Shareholder is an individual or a corporate structure.

Individuals who are not tax resident in the Grand Duchy of Luxembourg or collective entities who do not maintain a permanent establishment or have a permanent representative in the Grand Duchy of Luxembourg to which the Shares are attributable, are not subject to any Luxembourg taxation on capital gains realized upon disposal of the Shares nor on the distribution received from the Company and the Shares will not be subject to net wealth tax.

If necessary, investors or prospective investors should consult their professional advisers on the possible tax or other consequences of buying, holding, transferring or selling the Company's shares under the laws of their countries of citizenship, residence or domicile.

Hong Kong SAR

Under the Inland Revenue (Profits Tax Exemption For Funds) (Amendment) Ordinance 2018 there are deeming provisions which apply to a Hong Kong SAR resident who, alone or jointly with his associates, holds beneficial interest of 30 per cent or more in an exempt fund, or holds any percentage where the exempt fund is an associate of the Hong Kong SAR resident investor (a "**Relevant Interest**"). Under the deeming provisions, the Hong Kong SAR resident shareholder would be deemed to have derived assessable Hong Kong SAR sourced profits in respect of the proportion of the Hong Kong SAR sourced profits earned by the fund represented by the Hong Kong SAR resident shareholder's Relevant Interest. The deeming provisions would not apply where the Company is bona fide widely held.

United Kingdom

Holders of Shares who are resident in the United Kingdom or carrying on a trade in the United Kingdom will, depending on their individual circumstances, be liable to United Kingdom Income Tax or Corporation Tax in respect of any income allocated or distributions paid to them whether directly or by way of reinvestment of income and on capital gains and such holders should include details of this income on an appropriate return to their local Inspector of Taxes.

Shareholders should note that distributions paid by the Company comprise foreign distributions for UK tax purposes.

Shareholders who are individuals resident in the UK for taxation purposes ("UK resident individuals") will be liable to UK income tax on any distributions received from their shares in the Company, even if they elect for such distributions

to be reinvested. From 6 April 2016, there is no longer a notional 10% tax credit on dividend distributions.

If the fund holds more than 60% of its assets in interest-bearing (or economically similar) form, any distribution received should be treated as interest in the hands of the UK resident individual. The tax rates applying will be those applying to interest (section 378A ITTOIA 2005).

The attention of UK resident individuals is drawn to sections 714 to 751 of the Income Tax Act 2007, which contains provisions for preventing avoidance of income tax by transactions resulting in the transfer of income to persons (including companies) abroad and may render them liable to taxation in respect of undistributed income and profits of the Company.

The provisions of section 13 TCGA 1992 may apply to a holding in the Company. Where at least 50% of the Shares are held by five or fewer participators, then any UK person who (together with connected parties) holds more than 25% of the Shares may be taxed upon his proportion of the chargeable gain realised by the Fund as calculated for UK tax purposes.

Shareholders, who are companies, tax resident in the United Kingdom ("**UK Corporate shareholder**") and whose investment in the Sub-Funds is not made in connection with or incidental to a trade (for UK tax purposes), should not be liable to corporation tax in relation to any distributions paid to them provided that the investment in the Sub-Fund concerned is not taxed under the loan relationship provisions mentioned below.

A UK Corporate shareholder may be subject to tax under the loan relationship provisions of United Kingdom tax legislation when more than 60% of the investments of the Sub-Fund (in which the Shares are held) broadly comprise of assets in interest-bearing (or economically similar) form. Under these provisions the change in value of the Shares in that Sub-Fund during the corporate's accounting period will be taxed as part of the corporate's income for that accounting period the change in value being assessed on a fair value basis

UK Corporate Shareholders should note that the "**controlled foreign companies**" legislation contained in Part 9A of TIOPA 2010 could apply to any UK resident company which is, either alone or together with persons connected or associated with it for taxation purposes, deemed to be interested in 25 per cent or more of any chargeable profits of a non-UK resident company, where that non-UK resident company is controlled by residents of the UK and meets certain other criteria (broadly that it is resident in a low tax jurisdiction). "**Control**" is defined in Chapter 18, Part 9A of TIOPA 2010. A non-UK resident company is controlled by persons (whether companies, individuals or others) who are resident in the UK for taxation purposes or is controlled by two persons taken together, one of whom is resident in the UK for tax purposes and has at least 40 per cent of the interests, rights and powers by which those persons control the non-UK resident company, and the other of whom has at least 40 per cent and not more than 55 per cent

of such interests, rights and powers. The effect of these provisions could be to render such Shareholders liable to UK corporation tax in respect of the income of the Fund.

UK Reporting Funds

Each class will constitute an **"offshore fund"** for the purposes of the offshore fund legislation contained in Part 8 of the Taxation (International and Other Provisions) Act 2010 ("**TIOPA**"). Part 8 of TIOPA and Statutory Instrument 2009/3001 (the "**Offshore Funds Regulations**") provides that if an Investor who is resident in the United Kingdom for taxation purposes disposes of a holding in an offshore entity that constitutes an **"offshore fund"** and that offshore fund does not qualify as a Reporting Fund throughout the period during which the Investor holds that interest, any gain accruing to the Investor upon the sale, redemption or other disposal of that interest (including a deemed disposal on death) will be taxed at the time of such sale, redemption or other disposal as income ("**offshore income gains**") and not as a capital gain.

These provisions do not apply if the Company (generally or in respect of the relevant share classes) successfully applies for reporting fund status and retains such status throughout the period during which the Shares are held. In order for a class to qualify as a reporting fund, the Company must apply to HM Revenue & Customs ("**HMRC**") for entry of the relevant share classes into the regime. For each accounting period, it must then report to investors reportable income attributable to the relevant classes, that report being made within six months of the end of the relevant accounting period.

Under the offshore fund rules, investors in reporting funds are subject to tax on their share of the Reporting Fund's income for an accounting period, whether or not the income is actually distributed to them. The amount taxable per Share will be the total reportable income (adjusted by any qualifying equalisation) for the period, divided by the relevant Shares in issue at the end of that period. UK resident holders of Accumulation Share Classes should therefore be aware that they will be required to account for and pay tax on income which has been reported to them in respect of their holdings on an annual basis through their tax return, even though such income has not been distributed to them.

Shareholders holding shares in a non-reporting offshore fund which converts to a reporting status fund can elect to make a deemed disposal on the time of conversion. Such an election would crystallise any gains accrued to that date and would be subject to income tax. Gains which then accrue after the deemed disposal date would be treated as capital gains. The election must be made by the shareholder on their UK tax return for the year in which the deemed disposal occurs. If an election is not made, the entire gain will be taxed as income on the eventual disposal of their investment.

The majority of Shares in the Company are managed with a view to them qualifying as Reporting Funds for UK taxation purposes, and accordingly any capital gain on disposal of Shares in the

Company should not be reclassified as an income gain under the UK's offshore fund rules. A full list of reporting Share Classes is available from the Management Company on request. A list of Reporting Funds and their certification dates is published on the HMRC webpage: <https://www.gov.uk/government/publications/offshore-funds-list-of-reporting-funds>

In accordance with the Offshore Funds legislation, the Company intends to meet the reporting requirements by making available to Shareholders the information required in The Offshore Funds (Tax) Regulations 2009 within 6 months of the Company's year end at www.assetmanagement.hsbc.com/fundinfo.

Alternatively, the shareholders may if they so require, request a hard copy of the reporting fund data for any given year. Such requests must be made in writing to the registered address of the Global Distributor.

It is the Investor's responsibility to calculate and report their respective total reportable income to HMRC based on the number of Shares held at the end of the reporting period. In addition to reportable income attributable to each Fund Share, the report will include information on amounts distributed per Share and the dates of distributions in respect of the reporting period.

However, Shareholders and potential shareholders should note that whether UK reporting fund status is obtained and retained for a particular Share Class may be subject to changes in HM Revenue and Customs' practice or other matters outside of the Company's control.

Genuine Diversity of Ownership

Chapter 6 of Part 3 of the Offshore Funds Regulations provides that specified transactions carried out by a UCITS fund, such as the Company, will not generally be treated as trading transactions for the purposes of calculating the reportable income of reporting funds that meet a genuine diversity of ownership condition. The Directors confirm that all classes registered for reporting fund status are primarily intended for and marketed to retail and institutional investors. For the purposes of the applicable regulations, the Directors undertake that all such classes in the Company will be widely available and will be marketed and made available sufficiently widely to reach the intended category of investors and in a manner appropriate to attract those kinds of investors

3.14 Remuneration Policy

The Management Company has established a remuneration policy for those categories of staff, including senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profiles of the Management Company or the Company.

The main features of the remuneration policy are as follows:

- 1) It is compliant with and promotes a sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles of the Company or the Articles of Incorporation and which does not interfere with the obligation of the Management Company to act in the best interests of the Company.
- 2) It takes into account the business strategy, objectives, values and interests of the Management Company, the Company and its Shareholders, and includes measures to avoid conflicts of interest.
- 3) It reflects the Management Company's objectives for good corporate governance as well as sustainable and long-term value creation for investors, notably it ensures that fixed and variable components of the total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

- 4) It provides for remuneration decisions to be based on a combination of business results and performance against objectives and is consistent with a medium to long-term strategy, Shareholders' interests and adherence to HSBC values. A portion of the variable component of the total remuneration may be deferred for a period of time as disclosed in the remuneration policy.

The principles of the remuneration policy are reviewed on a regular basis and adapted to the evolving regulatory framework.

The up-to-date remuneration policy of the Management Company, including, but not limited to, a description of how remuneration and benefits are determined, the governance arrangements for determining remuneration and benefits are available on the website www.global.assetmanagement.hsbc.com/about-us/our-governance. A paper copy is available free of charge upon request at the Management Company's registered office.

Section 4. Glossary of Terms

1915 Law	Luxembourg Law of 10 August 1915 relating to Commercial Companies, as amended.
2010 Law	Luxembourg Law of 17 December 2010 on undertakings for collective investment, implementing UCITS IV directive 2009/65/EC into the Luxembourg law.
Administration Agent	HSBC Continental Europe, Luxembourg.
Application Form	The application form available from Distributors and the Registrar and Transfer Agent.
Articles of Incorporation	The articles of incorporation of the Company, as amended from time to time.
Asia	China, Hong Kong SAR, India, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore, Taiwan, Thailand and other economies on the Asian continent including but not limited to Bangladesh, Brunei, Cambodia, Pakistan, Mongolia, Myanmar, Nepal, Sri Lanka, Bhutan, East Timor, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan and Vietnam.
Asia-Pacific	China, Hong Kong SAR, India, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore, Taiwan, Thailand, Australia, New Zealand and other economies on the Asian continent including but not limited to Bangladesh, Brunei, Cambodia, Pakistan, Mongolia, Myanmar, Nepal, Sri Lanka, Bhutan, East Timor, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan and Vietnam.
Auditors	Pricewaterhouse Coopers Assurance, Société Coopérative
Base Currency	The currency in which the Net Asset Value of the Sub-Fund is expressed and calculated.
Base Currency Hedged Share Class	A Currency Hedged Share Class offered for Sub-Funds which have (or may have) material exposure to assets which are denominated in a currency (or currencies) which is (or are) different to the Sub-Fund's Base Currency. Further information is disclosed in Section 1.1 "Investing in the Sub-Funds" .
Benchmark Regulation or BMR	Regulation (EU) 2016/1011 of the European Parliament and of the Council, as amended or replaced from time to time, on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.
Board of Directors	The board of directors of the Company.
Bond Connect	A bond trading link between China and Hong Kong SAR which allows foreign institutional investors to invest in onshore Chinese bonds and other debt instruments traded on the China Interbank Bond Market (" CIBM "), Bond Connect provides foreign institutional investors a more streamlined access to the CIBM as described in Appendix I. "Sub-Fund Supplements" .
Business Day	A day on which banks are open for normal banking business in the relevant jurisdiction(s) as set out in Appendix I. "Sub-Fund Supplements" in relation to a specific Sub-Fund, (excluding Saturdays and Sundays).
CAAP	Means a China A-shares Access Product, i.e. a security (such as a participation note, warrant, option, participation certificate) linked to a China A-share or portfolios of China A-shares which aims to synthetically replicate the economic benefit of the relevant China A-share or portfolios of China A-shares.
CHF	Swiss Franc.
China or PRC	The People's Republic of China, but for the <i>purposes</i> of the Sub-Fund's investment objective and investment approach only, excludes Hong Kong SAR, Macau SAR and Taiwan.
China A-shares	Shares issued by companies listed on the Shanghai or Shenzhen stock exchange and denominated in RMB.

China B-shares	Shares issued by companies listed on the Shanghai or Shenzhen stock exchange and denominated in USD or HKD.
CIBM	China Interbank Bond Market (" CIBM "), an Over-The-Counter (" OTC ") market.
CIBM Initiative	An initiative from the People's Bank of China (" PBOC ") offering access for foreign institutional investors to onshore Chinese bonds and other debt instruments traded on the CIBM subject to complying with the applicable rules and regulations as promulgated by the PRC authorities as described in Appendix I. "Sub-Fund Supplements"
Class(es) of Shares/ Share Class(es)/ Class(es)	Pursuant to the Articles of Incorporation, the Board of Directors may decide to issue, within each Sub-Fund, separate classes of Shares (hereinafter referred to as a " Share Class " or " Class of Shares " or " Class ", as appropriate) whose assets will be commonly invested but where a specific initial or redemption charge structure, fee structure, minimum subscription amount, currency, distribution policy or other feature may be applied. If different Classes are issued within a Sub-Fund, the details of each Class are described under Section 1.1 "Investing in the Sub-Funds" .
Company	HSBC Portfolios
Connected Person	<p>In relation to a company means:</p> <ul style="list-style-type: none"> any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise directly or indirectly, 20% or more of the total votes in that company; or any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or any member of the group of which that company forms part; or <p>any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c).</p>
CSRC	China Securities Regulatory Commission.
CSSF	<i>Commission de Surveillance du Secteur Financier</i> , the Luxembourg supervisory authority.
Currency Hedged Share Class	<p>A Currency Hedged Share Class seeks to minimise the effect of currency fluctuations between the Reference Currency of the Share Class and the Base Currency of the relevant Sub-Fund.</p> <p>Hedging is achieved by the Sub-Fund entering into foreign currency transactions such as currency forward transactions, currency futures or other forms of financial derivative instruments. Currency positions are not actively managed but rather applied passively at the level of the Currency Hedged Share Class.</p> <p>Depending on the currency exposure of a -Sub-Fund's underlying assets and its objective then a Currency Hedged Share Class will either be classified as a Base Currency Hedged Share Class or a portfolio Currency Hedged Share Class.</p>
Dealing Day	<p>Unless otherwise provided in Appendix I. "Sub-Fund Supplements" in relation to the "Net Asset Value Calculation" for a specific Sub-Fund, Dealing Day means any Business Day (other than days during a period of suspension of dealing in Shares) and which is also for each Sub-Fund, a day where stock exchanges and Regulated Markets in countries where the Sub-Fund is materially invested are open for normal trading.</p> <p>The Business Days which are not Dealing Days will be listed in the annual report and semi-annual reports and available at the registered office of the Company. Any amendments to such lists are also available at the registered office of the Company.</p>
Depository Bank	HSBC Continental Europe, Luxembourg.
Depository Receipt	A negotiable financial instrument issued by a bank to represent a foreign company's publicly traded securities.
Developed Markets	Developed markets are those markets in countries that have fully developed financial markets and are amongst the following groups of industrialised countries: the United States of America and Canada, Switzerland and Members of the European Economic Area, the UK, Japan, Australia and New Zealand.

Distribution	Distribution of profits made by the Company to its shareholders in the form of dividends.
Distributors	Entities listed in Appendix V. "Directory" .
Duration	The weighted average maturity of the present value of all future cash flows of a security.
Eligible State	Any Member State of the EU or any other state in Eastern and Western Europe, Asia, Africa, Australia, North America, South America and Oceania.
Emerging Markets	Emerging markets are those markets in countries that are not amongst the following groups of industrialised countries: United States of America and Canada, Switzerland and Members of the European Economic Area, the UK, Japan, Australia and New Zealand, and may include those countries in the preceding groups that do not have fully developed financial markets.
Equitisation	Cash equitisation may be used for a Sub-Fund and involves the use of financial derivative instruments such as index futures to achieve synthetic equity exposure for the purpose of avoiding performance drag from uninvested cash which typically provides lower returns than equities whilst searching for suitable investment opportunities.
ESG	Environmental, social and governance factors which can be considered as non-financial performance indicators which include ethical, sustainable and corporate government issues.
EU	European Union.
EUR	Euro.
FPI	Foreign portfolio Investor, as defined in the Regulations issued by the Securities and Exchange Board of India.
GBP	Pound Sterling.
GEM	Global Emerging Markets.
Global Distributor	HSBC Investment Funds (Luxembourg) S.A., acting as global distributor of the Company.
Green Bonds	Fixed income securities that raise financing for climate and environmental projects.
G20	The informal group of twenty finance ministers and central bank governors from twenty major economies: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, UK, USA and the European Union.
HKD	Hong Kong Dollar.
Hong Kong SAR	Hong Kong Special Administrative Region.
Home Currency	Currency that is the primary currency in the investor's home jurisdiction/country of domicile
HSBC or HSBC Group	Collectively and individually, HSBC Holdings plc, its affiliates, subsidiaries, associated entities and any of their branches and offices, and any member of the HSBC Group.
Institutional Investor	An investor (or investors) qualifying as an institutional investor(s) within the meaning of article 174 of the 2010 Law.
Investment Grade	Fixed income securities that are at least rated Baa3/BBB- by Moody's, Standard & Poor's, another recognised credit rating agency or, if provided in Appendix I. "Sub-Fund Supplements" in relation to a specific Sub-Fund, the equivalent as set by the Investment Adviser.
INR	Indian Rupee.
JPY	Japanese Yen.
Large-Capitalisation Companies	Companies having a market capitalization above USD 10 billion.

Latin America	Consists of South America, Central America, Mexico and parts of the Caribbean.
Management Company	HSBC Investment Funds (Luxembourg) S.A.
Macau SAR	Macau Special Administrative Region.
Member State	A Member State of the European Union. The States that are contracting parties to the Agreement creating the European Economic Area other than the Member States of the European Union, within the limits set forth by this Agreement and related acts, are considered as equivalent to Member States of the European Union.
Mémorial	<i>Mémorial C, Recueil des Sociétés et Associations</i> , Luxembourg legal gazette, which was replaced by the RESA on 1 June 2016.
Mid-Capitalisation Companies	Companies having a market capitalization between USD 2 billion and USD 10 billion.
Money market instruments	Instruments normally dealt in on the money market which are liquid, and have a value which can be accurately determined at any time.
NAV	Net Asset Value.
Net Asset Value(s) per Share	In relation to any Shares of any Class, the value per Share determined in accordance with the relevant provisions described under the heading " Net Asset Value Calculation Principles " under Section 1.11. "Pricing and Valuation" .
Non-Investment Grade	Fixed income securities that are rated Ba1/BB+ or lower by Moody's, Standard & Poor's, another recognised credit rating agency or, if provided in Appendix I. "Sub-Fund Supplements" in relation to a specific Sub-Fund, the equivalent as set by the Investment Adviser.
OECD	Organisation for Economic Co-operation and Development.
Other Eligible UCI	<p>An open-ended Undertaking for Collective Investment within the meaning of Article 1 paragraph (2) points a) and b) of Directive 2009/65/EC and complying with the following:</p> <ol style="list-style-type: none"> it is authorised under laws which provide that it is subject to supervision considered by the CSSF to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured; the level of protection for its unitholders is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the UCITS Directive 2009/65/EC, as amended; its business is reported in semi-annual and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period; no more than 10% of its assets can, according to its management regulations or instruments of incorporation, be invested in aggregate in shares or units of other UCITS or other UCIs. <p>Closed-ended UCIs are not considered as other Eligible UCIs, but may qualify as transferable securities.</p>
Paris Climate Agreement	An international treaty on climate change, adopted in 2015, negotiated by 196 parties at the 2015 United Nations Climate Change Conference near Paris, France.
Portfolio Currency Hedged Share Class	<p>A Currency Hedged Share Class offered for Sub-Funds:</p> <p>where the underlying portfolio consists of assets which are wholly, or almost wholly, denominated in the Sub-Fund's Base Currency and/or the underlying portfolio of assets are hedged (either wholly, or almost wholly) to the Sub-Fund's Base Currency or;</p> <p>which need to obtain a return calculated in their Base Currency whilst the underlying assets which may be denominated in a currency (or currencies) which is (or are) different to the Sub-Fund's Base currency.</p>

Further information is disclosed in **Section 1.1 "Investing in the Sub-Funds"**.

QFII(s)	Qualified foreign institutional investor approved by the China Securities Regulatory Commission (" CSRC ") pursuant to the Administration of Domestic Securities Investments Measures 2006.
Real	Brazilian Real (the currency in Brazil).
Reference Currency	<p>The currency denomination in which the Net Asset Value per Share of a Reference Currency Share Class, portfolio Currency Hedged Share Class or Base Currency Hedged Share Class is expressed and calculated.</p> <p>It does not necessarily correspond to the currency or currencies in which the Sub-Fund's assets are invested in at any point in time.</p>
Reference Currency Share Class	A Share Class of a Sub-Fund which has a Reference Currency different to the Base Currency of the Sub-Fund and which is identified by i) the standard international currency acronym of the Reference Currency suffixed to its name and ii) a separate International Securities Identification Number (" ISIN ").
Registrar and Transfer Agent	HSBC Continental Europe, Luxembourg.
Regulated Market	A regulated market as defined in Article 4 (21) of directive 2014/65/EU of 15 May 2014 on markets in financial instruments (Directive 2014/65/EU), namely a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with Title III of Directive 2014/65/EU and any other market which is regulated, operates regularly and is recognised and open to the public in an Eligible State.
REIT	An entity that is dedicated to owning, and in most cases, managing real estate. This may include, but is not limited to, real estate in the residential (apartments), commercial (shopping centres, offices) and industrial (factories, warehouses) sectors. Certain REITs may also engage in real estate financing transactions and other real estate development activities.
RESA	<i>Recueil Electronique des Sociétés et Associations</i> , Luxembourg's central electronic platform of official publication.
RMB	The official currency of the People's Republic of China (" PRC ") – to be read as a reference to onshore Renminbi (CNY) and/or offshore Renminbi (CNH) as the context requires.
SAT	State Administration of Taxation of the PRC.
SEBI	Securities and Exchange Board of India.
SEK	Swedish Krona.
SFDR	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector as amended, supplemented, consolidated, superseded or otherwise modified from time to time.
SGD	Singapore Dollar.
Shares	Shares in the Company.
Small-Capitalisation Companies	Companies having a market capitalization between USD 250 million and USD 2 billion.
Social Bonds	Fixed income securities that raise financing for projects with positive social outcomes.
Stock Connect	Means the Shanghai-Hong Kong Stock Connect Programme and the Shenzhen-Hong Kong Stock Connect Programme as described in Appendix I. "Sub-Fund Supplements" .

Sustainability-Linked Bonds	Fixed income securities for which the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined sustainability / ESG objectives.
TBA (To-Be-Announced)	A forward contract on a generic pool of Mortgage Backed Securities ("MBS"). In a TBA trade, the seller and buyer do not specify the actual pools of MBS to be traded which is announced and allocated just before the delivery date.
Total return	When used in an investment objective, total return means capital appreciation plus income such as interest or dividends.
Total Return strategy	When used in the name of a Sub-Fund and in an investment objective, Total Return strategy means a strategy that aims to capture the majority of the upside in the investment universe while limiting the downside risk. However, the Sub-Fund remains exposed to market risk and risk of loss of capital at any time. Typically, such a strategy has a flexible asset allocation across the full spectrum of available investments.
Total Return Swap	A Total Return Swap ("TRS") is the generic name for any over-the-counter swap agreement where one party agrees to pay the other the "total economic performance" (including income from interest and fees, gains and losses from price movement and credit losses) of a defined underlying asset, usually in return for receiving a stream of fixed or variable rate cash-flows.
Transition Bonds	Fixed income securities that raise finance to support the issuer's transition to lower carbon intensity business models.
Transferable securities	Shares and other securities equivalent to shares, bonds and other debt instruments and any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange, excluding techniques and instruments relating to transferable securities and money market instruments.
UCITS	An Undertaking for Collective Investment in Transferable Securities authorised pursuant to directive 2009/65/EC, as amended.
UK	The United Kingdom of Great Britain and Northern Ireland
US	The United States of America (including the States and the District of Columbia), its territories, possessions and all other areas subject to its jurisdiction.
USD	United States Dollar or US Dollar.
US Law	The laws of the United States of America (including the States and the District of Columbia), its territories, possessions and all other areas subject to its jurisdiction. US Law shall additionally include all applicable rules and regulations, as supplemented and amended from time to time, as promulgated by any US regulatory authority, including, but not limited to, the Securities and Exchange Commission and the Commodity Futures Trading Commission.
US Person	<p>Shares of the Company may not be offered or sold to any "US Person" ("USP"), for the purposes of this procedure, the term US Person (or 'USP') shall mean:</p> <ol style="list-style-type: none"> 1. An individual (including a US Citizen or Green Card Holder) who is a resident of the US under any US Law; 2. An individual who is a US Citizen or Green Card Holder who has not formally renounced their US citizenship (including a person with dual or multiple nationality) even though they may reside outside of the US; 3. A corporation, partnership, limited liability company, collective investment vehicle, investment company, pooled account, or other business, investment, or legal entity: <ol style="list-style-type: none"> a. Created or organised under US Law; and b. Created (regardless of domicile of formation or organisation) principally for passive investment (for example, an investment company, fund or similar entity excluding employee benefit or pension plans); and c. Owned directly or indirectly by one or more USPs who hold, directly or indirectly, in aggregate a 10% or greater beneficial interest, provided that any such USP is not defined as a Qualified Eligible Person under CFTC Regulation 4.7(a);

- d. Where a USP is the general partner, managing member, managing director or other position with authority to direct the entity's activities;
 - e. Where the entity was formed by or for a USP principally for the purpose of investing in securities not registered with the SEC unless such entity is comprised of Accredited Investors, as defined in Regulation D, 17 CFR 230.501(a), and no such Accredited Investors are individuals or natural persons; or
 - f. Where more than 50% of its voting ownership interests or non-voting ownership interests are directly or indirectly owned by USPs;
 - g. That is an agency or branch of a non-US entity located in the US; or
 - h. That has its principal place of business in the US.
4. A trust created or organised under US Law; or where, regardless of domicile of formation or organisation:
- a. Any settler, founder, trustee, or other person responsible in whole or in part for investment decisions for the trust is a USP;
 - b. the administration of the trust or its formation documents are subject to the supervision of one or more US courts; or
 - c. The income of which is subject to US income tax regardless of source.
5. An estate of a deceased person who was a resident of the US at the time of death or the income of which is subject to US income tax regardless of source; or where, regardless of the deceased person's residence while alive, an executor or administrator having sole or shared investment discretion is a USP or the estate is governed by US Law.
6. An employee benefit or pension plan that is established and administered in accordance with US Law; or established for employees of a legal entity that is a USP or has its principal place of business in the US.
7. A discretionary or non-discretionary or similar account (including a joint account) where one or more beneficial owners is a USP or held for the benefit of one or more USPs; or the discretionary or similar account is held by a dealer or fiduciary organised in the US.

Section 5. Appendices

Appendix I. Sub-Fund Supplements

HSBC Portfolios – World Selection 1

Investment Objective

The Sub-Fund aims to provide long-term total return by investing in a portfolio of fixed income and equity securities consistent with a low risk investment strategy.

Investment Policy

The Sub-Fund invests (normally a minimum of 90% of its net assets) in or gains exposure to:

- ◆ fixed income and equity securities directly into markets and/or through investments in UCITS and/or other Eligible UCIs.
- ◆ other asset classes including, but not limited to, real estate, private equity, hedge fund strategies and commodities through investments in equities securities issued by companies based or operating in developed or Emerging Markets, UCITS and/or other Eligible UCIs.

The Sub-Fund invests in Investment Grade and Non-Investment Grade rated fixed income and other similar securities issued or guaranteed by governments, government agencies or supranational bodies of developed markets, such as OECD countries, and/or Emerging Markets or by companies which are based in or carry out the larger part of their business activities in a developed or Emerging Market. These securities are denominated either in US dollar, in other developed markets currencies hedged into US dollar, or in local Emerging Markets currencies. The Sub-Fund may also invest in unrated fixed income securities.

The aggregate investment in securities that are (i) unrated; or (ii) Non-Investment Grade will not exceed 20% of the Sub-Fund's net assets.

The Sub-Fund invests in equities and equity equivalent securities issued by companies which are based or operating in both developed and/or Emerging Markets. The Sub-Fund normally invests across a range of market capitalisations.

The Sub-Fund may invest up to 100% of its assets in units or shares of UCITS and/or other Eligible UCIs. The Sub-Funds' exposure to such holdings will normally be between 25% and 75%. The Sub-Fund will invest in HSBC sponsored and/or managed UCITS and/or other Eligible UCIs unless an appropriate fund is not available. The Sub-Fund will not invest more than 10% of its net assets in securities issued by or guaranteed by any single sovereign issuer with a credit rating below Investment Grade.

The Sub-Fund's primary currency exposure is to the US dollar.

Asset Class Exposure Limits

For the specific groups of asset class described in the table below, the Sub-Fund has a total maximum exposure limit as follows:

Asset Class ¹	Maximum Exposure ²
Equity	25%
Fixed income	100%
Total of the following:	25%
◆ Real estate ³	15%
◆ Private equity ³	10%
◆ Commodity ³	10%
◆ Hedge fund ³	10%
◆ Absolute return	10%

1. Exposure may be achieved through direct investments, financial derivative instruments and/or investment in units or shares of UCITS and/or other Eligible UCIs.
2. Percentage of the Sub-Fund's net assets
3. The Sub-Fund will not invest directly in real estate, private equity, commodities and hedge funds but through UCITS, other Eligible UCIs and REITs.

Excluded Activities

Companies/issuers considered for inclusion within the Sub-Fund's portfolio will be subject to Excluded Activities in accordance with HSBC Asset Management's Responsible Investment Policies, which may change from time to time.

- ◆ **Banned Weapons** - The Sub-Fund will exclude companies/issuers HSBC considers to have verified or strongly indicated involvement in the development, production, use, maintenance, offering for sale, distribution, import or export, storage or transportation of weapons banned by certain international conventions.

Where HSBC has identified potential involvement, those companies/issuers may be subject to ESG due diligence checks to determine whether those companies/issuers should be excluded from a Sub-Fund's portfolio.

Banned weapons include anti-personnel mines, biological weapons, blinding laser weapons, chemical weapons, cluster munitions & non-detectable fragments.

- ◆ **Thermal Coal 1 (Expanders)** - The Sub-Fund will not participate in initial public offerings ("IPOs") or primary fixed income financing by companies/issuers HSBC considers to be engaged in the expansion of thermal coal production.

More information is provided in **Section 2.9. "Integration of Sustainability Risks into Investment Decisions and SFDR principles"**, sub-section "HSBC Asset Management Responsible Investment Policies".

Use of a Benchmark

The Sub-Fund is actively managed and is not constrained by a benchmark.

Use of Financial Derivative Instruments

The Sub-Fund may achieve its investment policy by investing in financial derivative instruments. However, the Sub-Fund does not intend to invest in financial derivative instruments extensively and their primary use will be for hedging purposes, cash flow management and tactical asset allocation. Financial derivative instruments may also be used for efficient portfolio management.

Financial derivative instruments that the Sub-Fund may use include, but are not limited to:

- ◆ foreign exchange forwards (including non-deliverable forwards),
- ◆ futures contracts including equity index futures, interest rate futures and bond futures

Financial derivative instruments may also be embedded in other instruments used by the Sub-Fund (for example, participation notes and convertibles).

The Sub-Fund may be leveraged through the use of financial derivative instruments.

Risk Factors

This list is non-exhaustive. Further information relating to these risks, and all other risks that may be associated with this Sub-Fund are provided in the **Section 2 "Risk Considerations"**.

- ◆ Foreign Exchange (Currency) Risk
- ◆ Counterparty and Trading Risks
- ◆ Liquidity Risk
- ◆ Operational Risk
- ◆ Leverage Risk
- ◆ Particular Risks of Financial Derivative Instruments
- ◆ Fund of Funds Investment Risk
- ◆ Interest Rate Risk
- ◆ Default Risk
- ◆ Credit Risk
- ◆ Market Risk

Profile of a Typical Investor

The Sub-Fund may be suitable for investors looking for a diversified investment solution offering exposure to both

bonds and equities and seeking a reasonable level of capital growth while willing to accept a low degree of risk.

Investors should have a medium to long-term investment horizon and understand the volatility associated with investments in bonds and equities around the world.

Sub-Fund Details

Base Currency: USD

SFDR Classification: Article 6

Dealing Days: Any weekday (Monday to Friday) where banks are open for business in Luxembourg

A full dealing day calendar for each calendar year can be found on www.assetmanagement.hsbc.com. Please select your investor type and then 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Sub-Fund.

Charges & Expenses

Class of Shares	Minimum Initial Investment & Minimum Holding*	Minimum Subsequent Investment	Maximum Sales Charge (%**)	Management Fee (%**) ¹	Operating, Administrative and Servicing Expenses (%**) ²
A	5,000	1,000	4.17	1.00	0.25
B	5,000	1,000	4.17	0.50	0.25
E	5,000	1,000	4.17	1.30	0.25
PN	1,000,000	100,000	4.17	0.26	0.25
PR	1,000,000	100,000	4.17	0.65	0.25
S	10,000,000	1,000,000	4.17	0.25	0.25
X	1,000,000	100,000	4.17	0.50	0.25
Z	1,000,000	100,000	4.17	0.00	0.25

* in US Dollar or equivalent amount in a major currency

** of the net asset value. Maximum, actual amount will be disclosed in annual reports

1. The maximum Management Fee that may be charged on Classes of Shares of the Sub-Fund is 2.00%.

2. Maximum, actual amount will be disclosed in annual reports

Dealing Cut-Off Times

Order Issuance	Cut-Off Time
	4.00 p.m. Hong Kong SAR time on a Dealing Day which is also a business day in Hong Kong SAR.
Hong Kong SAR	Applications received in Hong Kong SAR on a day which is not a Hong Kong SAR business day will be transacted on the next Hong Kong SAR business day.
Jersey	7:30 a.m. Jersey time on a Dealing day that is also a business day in Jersey.
Rest of the World	10.00 a.m. Luxembourg time on a Dealing Day

Valuation Point 5.00 p.m. Luxembourg time on any given Dealing Day.

Investment Adviser

HSBC Global Asset Management (UK) Limited
8 Canada Square
London
E14 5HQ
United Kingdom

Additional Information

Additional information regarding the Sub-Fund, including up to date pricing, performance, annual & semi-annual reports and Key Investor Information Documents can be found on www.assetmanagement.hsbc.com. Please select your investor type and then 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Sub-Fund.

HSBC Portfolios – World Selection 2

Investment Objective

The Sub-Fund aims to provide long-term total return by investing in a portfolio of fixed income and equity securities consistent with a low to medium risk investment strategy.

Investment Policy

The Sub-Fund invests (normally a minimum of 90% of its net assets) in or gains exposure to:

- ◆ fixed income and equity securities directly into markets and/or through investments in UCITS and/or other Eligible UCIs.
- ◆ other asset classes including, but not limited to, real estate, private equity, hedge fund strategies and commodities through investments in equities securities issued by companies based or operating in developed or Emerging Markets, UCITS and/or other Eligible UCIs.

The Sub-Fund invests in Investment Grade and Non-Investment Grade rated fixed income and other similar securities issued or guaranteed by governments, government agencies or supranational bodies of developed markets, such as OECD countries, and/or Emerging Markets or by companies which are based in or carry out the larger part of their business activities in a developed or Emerging Market. These securities are denominated either in US dollar, in other developed markets currencies hedged into US dollar, or in local Emerging Markets currencies. The Sub-Fund may also invest in unrated fixed income securities.

The aggregate investment in securities that are (i) unrated; or (ii) Non-Investment Grade will not exceed 20% of the Sub-Fund's net assets.

The Sub-Fund invests in equities and equity equivalent securities issued by companies which are based or operating in both developed and/or Emerging Markets. The Sub-Fund normally invests across a range of market capitalisations.

The Sub-Fund may invest up to 100% of its assets in units or shares of UCITS and/or other Eligible UCIs. The Sub-Funds' exposure to such holdings will normally be between 25% and 75%. The Sub-Fund will invest in HSBC sponsored and/or managed UCITS and/or other Eligible UCIs unless an appropriate fund is not available. The Sub-Fund will not invest more than 10% of its net assets in securities issued by or guaranteed by any single sovereign issuer with a credit rating below Investment Grade.

The Sub-Fund's primary currency exposure is to the US dollar.

Asset Class Exposure Limits

For the specific groups of asset class described in the table below, the Sub-Fund has a total maximum exposure limit as follows:

Asset Class ¹	Maximum Exposure ²
Equity	50%
Fixed income	100%
Total of the following:	25%
◆ Real estate ³	15%
◆ Private equity ³	10%
◆ Commodity ³	10%
◆ Hedge fund ³	10%
◆ Absolute return	10%

1. Exposure may be achieved through direct investments, financial derivative instruments and/or investment in units or shares of UCITS and/or other Eligible UCIs.

2. Percentage of the Sub-Fund's net assets

3. The Sub-Fund will not invest directly in real estate, private equity, commodities and hedge funds but through UCITS, other Eligible UCIs and REITs.

Excluded Activities

Companies/issuers considered for inclusion within the Sub-Fund's portfolio will be subject to Excluded Activities in accordance with HSBC Asset Management's Responsible Investment Policies, which may change from time to time.

- ◆ Banned Weapons - The Sub-Fund will exclude companies/issuers HSBC considers to have verified or strongly indicated involvement in the development, production, use, maintenance, offering for sale, distribution, import or export, storage or transportation of weapons banned by certain international conventions.

Where HSBC has identified potential involvement, those companies/issuers may be subject to ESG due diligence checks to determine whether those companies/issuers should be excluded from a Sub-Fund's portfolio.

Banned weapons include anti-personnel mines, biological weapons, blinding laser weapons, chemical weapons, cluster munitions & non-detectable fragments.

- ◆ Thermal Coal 1 (Expanders) - The Sub-Fund will not participate in initial public offerings ("IPOs") or primary fixed income financing by companies/issuers HSBC

considers to be engaged in the expansion of thermal coal production.

More information is provided in **Section 2.9. "Integration of Sustainability Risks into Investment Decisions and SFDR principles"**, sub-section HSBC Asset Management Responsible Investment Policies.

Use of a Benchmark

The Sub-Fund is actively managed and is not constrained by a benchmark.

Use of Financial Derivative Instruments

The Sub-Fund may achieve its investment policy by investing in financial derivative instruments. However, the Sub-Fund does not intend to invest in financial derivative instruments extensively and their primary use will be for hedging purposes, cash flow management and tactical asset allocation. Financial derivative instruments may also be used for efficient portfolio management.

Financial derivative instruments that the Sub-Fund may use include, but are not limited to:

- ◆ foreign exchange forwards (including non-deliverable forwards),
- ◆ futures contracts including equity index futures, interest rate futures and bond futures

Financial derivative instruments may also be embedded in other instruments used by the Sub-Fund (for example, participation notes and convertibles).

The Sub-Fund may be leveraged through the use of financial derivative instruments.

Risk Factors

This list is non-exhaustive. Further information relating to these risks, and all other risks that may be associated with this Sub-Fund are provided in the **Section 2 "Risk Considerations"**.

- ◆ Foreign Exchange (Currency) Risk
- ◆ Counterparty and Trading Risks
- ◆ Liquidity Risk
- ◆ Operational Risk
- ◆ Leverage Risk
- ◆ Fund of Funds Investment Risk
- ◆ Interest Rate Risk
- ◆ Default Risk
- ◆ Credit Risk
- ◆ Market Risk

- ◆ Particular Risks of Financial Derivative Instruments

Profile of a Typical Investor

The Sub-Fund may be suitable for investors looking for a diversified investment solution offering exposure to both bonds and equities and seeking a reasonable level of capital growth while willing to accept a low to medium degree of risk.

Investors should have a medium to long-term investment horizon and understand the volatility associated with investments in bonds and equities around the world.

Sub-Fund Details

Base Currency: USD

SFDR Classification: Article 6

Dealing Days: Any weekday (Monday to Friday) where banks are open for business in Luxembourg

A full dealing day calendar for each calendar year can be found on www.assetmanagement.hsbc.com. Please select your investor type and then 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Sub-Fund.

Charges & Expenses

Class of Shares	Minimum Initial Investment & Minimum Holding*	Minimum Subsequent Investment	Maximum Sales Charge (%**)	Management Fee (%**) ¹	Operating, Administrative and Servicing Expenses (%**) ²
A	5,000	1,000	4.17	1.00	0.25
B	5,000	1,000	4.17	0.50	0.25
E	5,000	1,000	4.17	1.30	0.25
PN	1,000,000	100,000	4.17	0.26	0.25
PR	1,000,000	100,000	4.17	0.65	0.25
S	10,000,000	1,000,000	4.17	0.25	0.25
X	1,000,000	100,000	4.17	0.50	0.25
Z	1,000,000	100,000	4.17	0.00	0.25

* in US Dollar or equivalent amount in a major currency

** of the net asset value.

1. The maximum Management Fee that may be charged on Classes of Shares of the Sub-Fund is 2.00%.
2. Maximum, actual amount will be disclosed in annual reports

Dealing Cut-Off Times

Order Issuance	Cut-Off Time
	4.00 p.m. Hong Kong SAR time on a Dealing Day which is also a business day in Hong Kong SAR.
Hong Kong SAR	Applications received in Hong Kong SAR on a day which is not a Hong Kong SAR business day will be transacted on the next Hong Kong SAR business day.
Jersey	7:30 a.m. Jersey time on a Dealing day that is also a business day in Jersey.
Rest of the World	10.00 a.m. Luxembourg time on a Dealing Day

Valuation Point 5.00 p.m. on any given Dealing Day.

Investment Adviser

HSBC Global Asset Management (UK) Limited
8 Canada Square
London
E14 5HQ
United Kingdom

Additional Information

Additional information regarding the Sub-Fund, including up to date pricing, performance, annual & semi-annual reports and Key Investor Information Documents can be found on www.assetmanagement.hsbc.com. Please select your investor type and then 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Sub-Fund.

HSBC Portfolios – World Selection 3

Investment Objective

The Sub-Fund aims to provide long-term total return by investing in a portfolio of equity and fixed income securities consistent with a medium risk investment strategy.

Investment Policy

The Sub-Fund invests (normally a minimum of 90% of its net assets) in or gains exposure to:

- ◆ fixed income and equity securities directly into markets and/or through investments in UCITS and/or other Eligible UCIs.
- ◆ other asset classes including, but not limited to, real estate, private equity, hedge fund strategies and commodities through investments in equities securities issued by companies based or operating in developed or Emerging Markets, UCITS and/or other Eligible UCIs.

The Sub-Fund invests in Investment Grade and Non-Investment Grade rated fixed income and other similar securities issued or guaranteed by governments, government agencies or supranational bodies of developed markets, such as OECD countries, and/or Emerging Markets or by companies which are based in or carry out the larger part of their business activities in a developed or Emerging Market. These securities are denominated either in US dollar, in other developed markets currencies hedged into US dollar, or in local Emerging Markets currencies. The Sub-Fund may also invest in unrated fixed income securities.

The aggregate investment in securities that are (i) unrated; or (ii) Non-Investment Grade will not exceed 20% of the Sub-Fund's net assets.

The Sub-Fund invests in equities and equity equivalent securities issued by companies which are based or operating in both developed and/or Emerging Markets. The Sub-Fund normally invests across a range of market capitalisations.

The Sub-Fund may invest up to 100% of its assets in units or shares of UCITS and/or other Eligible UCIs. The Sub-Funds' exposure to such holdings will normally be between 40% and 90%. The Sub-Fund will invest in HSBC sponsored and/or managed UCITS and/or other Eligible UCIs unless an appropriate fund is not available. The Sub-Fund will not invest more than 10% of its net assets in securities issued by or guaranteed by any single sovereign issuer with a credit rating below Investment Grade.

The Sub-Fund's primary currency exposure is to the US dollar.

Asset Class Exposure Limits

For the specific groups of asset class described in the table below, the Sub-Fund has a total maximum exposure limit as follows:

Asset Class ¹	Maximum Exposure ²
Equity	85%
Fixed income	80%
Total of the following:	30%
◆ Real estate ³	15%
◆ Private equity ³	10%
◆ Commodity ³	10%
◆ Hedge fund ³	15%
◆ Absolute return	10%

1. Exposure may be achieved through direct investments, financial derivative instruments and/or investment in units or shares of UCITS and/or other Eligible UCIs.
2. Percentage of the Sub-Fund's net assets
3. The Sub-Fund will not invest directly in real estate, private equity, commodities and hedge funds but through UCITS, other Eligible UCIs and REITs.

Excluded Activities

Companies/issuers considered for inclusion within the Sub-Fund's portfolio will be subject to Excluded Activities in accordance with HSBC Asset Management's Responsible Investment Policies, which may change from time to time.

- ◆ **Banned Weapons** - The Sub-Fund will exclude companies/issuers HSBC considers to have verified or strongly indicated involvement in the development, production, use, maintenance, offering for sale, distribution, import or export, storage or transportation of weapons banned by certain international conventions.

Where HSBC has identified potential involvement, those companies/issuers may be subject to ESG due diligence checks to determine whether those companies/issuers should be excluded from a Sub-Fund's portfolio.

Banned weapons include anti-personnel mines, biological weapons, blinding laser weapons, chemical weapons, cluster munitions & non-detectable fragments.

- ◆ **Thermal Coal 1 (Expanders)** - The Sub-Fund will not participate in initial public offerings ("IPOs") or primary fixed income financing by companies/issuers HSBC considers to be engaged in the expansion of thermal coal production.

More information is provided in **Section 2.9. "Integration of Sustainability Risks into Investment Decisions and SFDR principles"**, sub-section "HSBC Asset Management Responsible Investment Policies".

Use of a Benchmark

The Sub-Fund is actively managed and is not constrained by a benchmark.

Use of Financial Derivative Instruments

The Sub-Fund may achieve its investment policy by investing in financial derivative instruments. However, the Sub-Fund does not intend to invest in financial derivative instruments extensively and their primary use will be for hedging purposes, cash flow management and tactical asset allocation. Financial derivative instruments may also be used for efficient portfolio management.

Financial derivative instruments that the Sub-Fund may use include, but are not limited to:

- ◆ foreign exchange forwards (including non-deliverable forwards),
- ◆ futures contracts including equity index futures, interest rate futures and bond futures

Financial derivative instruments may also be embedded in other instruments used by the Sub-Fund (for example, participation notes and convertibles).

The Sub-Fund may be leveraged through the use of financial derivative instruments.

Risk Factors

This list is non-exhaustive. Further information relating to these risks, and all other risks that may be associated with this Sub-Fund are provided in the **Section 2 "Risk Considerations"**.

- ◆ Foreign Exchange (Currency) Risk
- ◆ Counterparty and Trading Risks
- ◆ Liquidity Risk
- ◆ Operational Risk
- ◆ Leverage Risk
- ◆ Particular Risks of Financial Derivative Instruments
- ◆ Fund of Funds Investment Risk
- ◆ Interest Rate Risk
- ◆ Default Risk
- ◆ Credit Risk
- ◆ Market Risk

Profile of a Typical Investor

The Sub-Fund may be suitable for investors looking for a diversified investment solution offering exposure to both

equities and bonds and seeking a reasonable level of capital growth while willing to accept a medium degree of risk.

Investors should have a medium to long-term investment horizon and understand the volatility associated with investments in equities and bonds around the world.

Sub-Fund Details

Base Currency: USD

SFDR Classification: Article 6

Dealing Days: Any weekday (Monday to Friday) where banks are open for business in Luxembourg

A full dealing day calendar for each calendar year can be found on www.assetmanagement.hsbc.com. Please select your investor type and then 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Sub-Fund.

Charges & Expenses

Class of Shares	Minimum Initial Investment & Minimum Holding*	Minimum Subsequent Investment	Maximum Sales Charge (%**)	Management Fee (%**) ¹	Operating, Administrative and Servicing Expenses (%**) ²
A	5,000	1,000	4.17	1.20	0.25
B	5,000	1,000	4.17	0.60	0.25
E	5,000	1,000	4.17	1.30	0.25
PN	1,000,000	100,000	4.17	0.31	0.25
PR	1,000,000	100,000	4.17	0.78	0.25
S	10,000,000	1,000,000	4.17	0.30	0.25
X	1,000,000	100,000	4.17	0.60	0.25
Z	1,000,000	100,000	4.17	0.00	0.25

* in US Dollar or equivalent amount in a major currency

** of the net asset value.

1. The maximum Management Fee that may be charged on Classes of Shares of the Sub-Fund is 2.00%
2. Maximum, actual amount will be disclosed in annual reports

Dealing Cut-Off Times

Order Issuance	Cut-Off Time
Hong Kong SAR	4.00 p.m. Hong Kong SAR time on a Dealing Day which is also a business day in Hong Kong SAR. Applications received in Hong Kong SAR on a day which is not a Hong Kong SAR business day will be transacted on the next Hong Kong SAR business day.
Jersey	7:30 a.m. Jersey time on a Dealing day that is also a business day in Jersey.
Rest of the World	10.00 a.m. Luxembourg time on a Dealing Day

Valuation Point 5.00 p.m. on any given Dealing Day.

Investment Adviser

HSBC Global Asset Management (UK) Limited
8 Canada Square
London
E14 5HQ
United Kingdom

Additional Information

Additional information regarding the Sub-Fund, including up to date pricing, performance, annual & semi-annual reports and Key Investor Information Documents can be found on www.assetmanagement.hsbc.com. Please select your investor type and then 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Sub-Fund.

HSBC Portfolios – World Selection 4

Investment Objective

The Sub-Fund aims to provide long-term total return by investing in a portfolio of equity and fixed income securities consistent with a medium to high-risk investment strategy.

Investment Policy

The Sub-Fund invests (normally a minimum of 90% of its net assets) in or gains exposure to:

- ◆ fixed income and equity securities directly into markets and/or through investments in UCITS and/or other Eligible UCIs.
- ◆ other asset classes including, but not limited to, real estate, private equity, hedge fund strategies and commodities through investments in equities securities issued by companies based or operating in developed or Emerging Markets, UCITS and/or other Eligible UCIs.

The Sub-Fund invests in Investment Grade and Non-Investment Grade rated fixed income and other similar securities issued or guaranteed by governments, government agencies or supranational bodies of developed markets, such as OECD countries, and/or Emerging Markets or by companies which are based in or carry out the larger part of their business activities in a developed or Emerging Market. These securities are denominated either in US dollar, in other developed markets currencies hedged into US dollar, or in local Emerging Markets currencies. The Sub-Fund may also invest in unrated fixed income securities.

The aggregate investment in securities that are (i) unrated; or (ii) Non-Investment Grade will not exceed 20% of the Sub-Fund's net assets.

The Sub-Fund invests in equities and equity equivalent securities issued by companies which are based or operating in both developed and/or Emerging Markets. The Sub-Fund normally invests across a range of market capitalisations.

The Sub-Fund may invest up to 100% of its assets in units or shares of UCITS and/or other Eligible UCIs. The Sub-Funds' exposure to such holdings will normally be between 50% and 100%. The Sub-Fund will invest in HSBC sponsored and/or managed UCITS and/or other Eligible UCIs unless an appropriate fund is not available. The Sub-Fund will not invest more than 10% of its net assets in securities issued by or guaranteed by any single sovereign issuer with a credit rating below Investment Grade.

The Sub-Fund's primary currency exposure is to the US dollar.

Asset Class Exposure Limits

For the specific groups of asset class described in the table below, the Sub-Fund has a total maximum exposure limit as follows:

Asset Class ¹	Maximum Exposure ²
Equity	100%
Fixed income	50%
Total of the following:	35%
◆ Real estate ³	15%
◆ Private equity ³	10%
◆ Commodity ³	10%
◆ Hedge fund ³	20%
◆ Absolute return	10%

1. Exposure may be achieved through direct investments, financial derivative instruments and/or investment in units or shares of UCITS and/or other Eligible UCIs.
2. Percentage of the Sub-Fund's net assets
3. The Sub-Fund will not invest directly in real estate, private equity, commodities and hedge funds but through UCITS, other Eligible UCIs and REITs.

Excluded Activities

Companies/issuers considered for inclusion within the Sub-Fund's portfolio will be subject to Excluded Activities in accordance with HSBC Asset Management's Responsible Investment Policies, which may change from time to time.

- ◆ **Banned Weapons** - The Sub-Fund will exclude companies/issuers HSBC considers to have verified or strongly indicated involvement in the development, production, use, maintenance, offering for sale, distribution, import or export, storage or transportation of weapons banned by certain international conventions.

Where HSBC has identified potential involvement, those companies/issuers may be subject to ESG due diligence checks to determine whether those companies/issuers should be excluded from a Sub-Fund's portfolio.

Banned weapons include anti-personnel mines, biological weapons, blinding laser weapons, chemical weapons, cluster munitions & non-detectable fragments.

- ◆ **Thermal Coal 1 (Expanders)** - The Sub-Fund will not participate in initial public offerings ("IPOs") or primary fixed income financing by companies/issuers HSBC considers to be engaged in the expansion of thermal coal production.

More information is provided in **Section 2.9. "Integration of Sustainability Risks into Investment Decisions and SFDR principles"**, sub-section "HSBC Asset Management Responsible Investment Policies".

Use of a Benchmark

The Sub-Fund is actively managed and is not constrained by a benchmark.

Use of Financial Derivative Instruments

The Sub-Fund may achieve its investment policy by investing in financial derivative instruments. However, the Sub-Fund does not intend to invest in financial derivative instruments extensively and their primary use will be for hedging purposes, cash flow management and tactical asset allocation. Financial derivative instruments may also be used for efficient portfolio management.

Financial derivative instruments that the Sub-Fund may use include, but are not limited to:

- ◆ foreign exchange forwards (including non-deliverable forwards),
- ◆ futures contracts including equity index futures, interest rate futures and bond futures

Financial derivative instruments may also be embedded in other instruments used by the Sub-Fund (for example, participation notes and convertibles).

The Sub-Fund may be leveraged through the use of financial derivative instruments.

Risk Factors

This list is non-exhaustive. Further information relating to these risks, and all other risks that may be associated with this Sub-Fund are provided in the **Section 2 "Risk Considerations"**.

- | | |
|--|---------------------------------|
| ◆ Foreign Exchange (Currency) Risk | ◆ Callable Bonds Risk |
| ◆ Counterparty and Trading Risks | ◆ Fund of Funds Investment Risk |
| ◆ Liquidity Risk | ◆ Interest Rate Risk |
| ◆ Operational Risk | ◆ Default Risk |
| ◆ Leverage Risk | ◆ Credit Risk |
| ◆ Particular Risks of Financial Derivative Instruments | ◆ Market Risk |

Profile of a Typical Investor

The Sub-Fund may be suitable for investors looking for a diversified investment solution offering exposure to both

equities and bonds and seeking a reasonable level of capital growth while willing to accept a medium to high degree of risk.

Investors should have a medium to long-term investment horizon and understand the volatility associated with investments in equities and bonds around the world.

Sub-Fund Details

Base Currency USD

SFDR Classification Article 6

Dealing Days: Any weekday (Monday to Friday) where banks are open for business in Luxembourg

A full dealing day calendar for each calendar year can be found on www.assetmanagement.hsbc.com. Please select your investor type and then 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Sub-Fund.

Charges & Expenses

Class of Shares	Minimum Initial Investment & Minimum Holding*	Minimum Subsequent Investment	Maximum Sales Charge (%**)	Management Fee (%**) ¹	Operating, Administrative and Servicing Expenses (%**) ²
A	5,000	1,000	4.17	1.20	0.25
B	5,000	1,000	4.17	0.60	0.25
E	5,000	1,000	4.17	1.30	0.25
PN	1,000,000	100,000	4.17	0.31	0.25
PR	1,000,000	100,000	4.17	0.78	0.25
S	10,000,000	1,000,000	4.17	0.30	0.25
X	1,000,000	100,000	4.17	0.60	0.25
Z	1,000,000	100,000	4.17	0.00	0.25

* in US Dollar or equivalent amount in a major currency

** of the net asset value.

1. The Maximum Management Fee that may be charged on Classes of Shares of the Sub-Fund is 2.00%

2. Maximum, actual amount will be disclosed in annual reports

Dealing Cut-Off Times

Order Issuance	Cut-Off Time
Hong Kong SAR	4.00 p.m. Hong Kong SAR time on a Dealing Day which is also a business day in Hong Kong SAR. Applications received in Hong Kong SAR on a day which is not a Hong Kong SAR business day will be transacted on the next Hong Kong SAR business day.
Jersey	7:30 a.m. Jersey time on a Dealing day that is also a business day in Jersey.
Rest of the World	10.00 a.m. Luxembourg time on a Dealing Day

Valuation Point 5.00 p.m. on any given Dealing Day.

Investment Adviser

HSBC Global Asset Management (UK) Limited
8 Canada Square
London
E14 5HQ
United Kingdom

Additional Information

Additional information regarding the Sub-Fund, including up to date pricing, performance, annual & semi-annual reports and Key Investor Information Documents can be found on www.assetmanagement.hsbc.com. Please select your investor type and then 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Sub-Fund.

HSBC Portfolios – World Selection 5

Investment Objective

The Sub-Fund aims to provide long-term total return by investing in a portfolio of equity and fixed income securities consistent with a high-risk investment strategy.

Investment Policy

The Sub-Fund invests (normally a minimum of 90% of its net assets) in or gains exposure to:

- ◆ fixed income and equity securities directly into markets and/or through investments in UCITS and/or other Eligible UCIs.
- ◆ other asset classes including, but not limited to, real estate, private equity, hedge fund strategies and commodities through investments in equities securities issued by companies based or operating in developed or Emerging Markets, UCITS and/or other Eligible UCIs.

The Sub-Fund invests in Investment Grade and Non-Investment Grade rated fixed income and other similar securities issued or guaranteed by governments, government agencies or supranational bodies of developed markets, such as OECD countries, and/or Emerging Markets or by companies which are based in or carry out the larger part of their business activities in a developed or Emerging Market. These securities are denominated either in US dollar, in other developed markets currencies hedged into US dollar, or in local Emerging Markets currencies. The Sub-Fund may also invest in unrated fixed income securities.

The aggregate investment in securities that are (i) unrated; or (ii) Non-Investment Grade will not exceed 20% of the Sub-Fund's net assets.

The Sub-Fund invests in equities and equity equivalent securities issued by companies which are based or operating in both developed and/or Emerging Markets. The Sub-Fund normally invests across a range of market capitalisations.

The Sub-Fund may invest up to 100% of its assets in units or shares of UCITS and/or other Eligible UCIs. The Sub-Funds' exposure to such holdings will normally be between 50% and 100%. The Sub-Fund will invest in HSBC sponsored and/or managed UCITS and/or other Eligible UCIs unless an appropriate fund is not available. The Sub-Fund will not invest more than 10% of its net assets in securities issued by or guaranteed by any single sovereign issuer with a credit rating below Investment Grade.

The Sub-Fund's primary currency exposure is to the US dollar.

Asset Class Exposure Limits

For the specific groups of asset class described in the table below, the Sub-Fund has a total maximum exposure limit as follows:

Asset Class ¹	Maximum Exposure ²
Equity	100%
Fixed income	20%
Total of the following:	45%
◆ Real estate ³	15%
◆ Private equity ³	10%
◆ Commodity ³	10%
◆ Hedge fund ³	20%
◆ Absolute return	10%

1. Exposure may be achieved through direct investments, financial derivative instruments and/or investment in units or shares of UCITS and/or other Eligible UCIs.
2. Percentage of the Sub-Fund's net assets
3. The Sub-Fund will not invest directly in real estate, private equity, commodities and hedge funds but through UCITS, other Eligible UCIs and REITs.

Excluded Activities

Companies/issuers considered for inclusion within the Sub-Fund's portfolio will be subject to Excluded Activities in accordance with HSBC Asset Management's Responsible Investment Policies, which may change from time to time.

- ◆ **Banned Weapons** - The Sub-Fund will exclude companies/issuers HSBC considers to have verified or strongly indicated involvement in the development, production, use, maintenance, offering for sale, distribution, import or export, storage or transportation of weapons banned by certain international conventions.

Where HSBC has identified potential involvement, those companies/issuers may be subject to ESG due diligence checks to determine whether those companies/issuers should be excluded from a Sub-Fund's portfolio.

Banned weapons include anti-personnel mines, biological weapons, blinding laser weapons, chemical weapons, cluster munitions & non-detectable fragments.

- ◆ **Thermal Coal 1 (Expanders)** - The Sub-Fund will not participate in initial public offerings ("IPOs") or primary fixed income financing by companies/issuers HSBC considers to be engaged in the expansion of thermal coal production.

More information is provided in **Section 2.9. "Integration of Sustainability Risks into Investment Decisions and SFDR principles"**, sub-section "HSBC Asset Management Responsible Investment Policies".

Use of a Benchmark

The Sub-Fund is actively managed and is not constrained by a benchmark.

Use of Financial Derivative Instruments

The Sub-Fund may achieve its investment policy by investing in financial derivative instruments. However, the Sub-Fund does not intend to invest in financial derivative instruments extensively and their primary use will be for hedging purposes, cash flow management and tactical asset allocation. Financial derivative instruments may also be used for efficient portfolio management.

Financial derivative instruments that the Sub-Fund may use include, but are not limited to:

- ◆ foreign exchange forwards (including non-deliverable forwards),
- ◆ futures contracts including equity index futures, interest rate futures and bond futures

Financial derivative instruments may also be embedded in other instruments used by the Sub-Fund (for example, participation notes and convertibles).

The Sub-Fund may be leveraged through the use of financial derivative instruments.

Risk Factors

This list is non-exhaustive. Further information relating to these risks, and all other risks that may be associated with this Sub-Fund are provided in the **Section 2 "Risk Considerations"**.

- ◆ Foreign Exchange (Currency) Risk
- ◆ Counterparty and Trading Risks
- ◆ Liquidity Risk
- ◆ Operational Risk
- ◆ Leverage Risk
- ◆ Particular Risks of Financial Derivative Instruments
- ◆ Fund of Funds Investment Risk
- ◆ Interest Rate Risk
- ◆ Default Risk
- ◆ Credit Risk
- ◆ Market Risk

Profile of a Typical Investor

The Sub-Fund may be suitable for investors looking for a diversified investment solution offering exposure to both equities and bonds and seeking a reasonable level of capital growth while willing to accept a high degree of risk.

Investors should have a medium to long-term investment horizon and understand the volatility associated with investments in equities and bonds around the world.

Sub-Fund Details

Base Currency USD

SFDR Classification Article 6

Dealing Days: Any weekday (Monday to Friday) where banks are open for business in Luxembourg

A full dealing day calendar for each calendar year can be found on www.assetmanagement.hsbc.com. Please select your investor type and then 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Sub-Fund.

Charges & Expenses

Class of Shares	Minimum Initial Investment & Minimum Holding*	Minimum Subsequent Investment	Maximum Sales Charge (%**)	Management Fee (%**) ¹	Operating, Administrative and Servicing Expenses (%**) ²
A	5,000	1,000	4.17	1.30	0.25
B	5,000	1,000	4.17	0.65	0.25
E	5,000	1,000	4.17	1.30	0.25
PN	1,000,000	100,000	4.17	0.34	0.25
PR	1,000,000	100,000	4.17	0.86	0.25
S	10,000,000	1,000,000	4.17	0.325	0.25
X	1,000,000	100,000	4.17	0.65	0.25
Z	1,000,000	100,000	4.17	0.00	0.25

* in US Dollar or equivalent amount in a major currency

** of the net asset value.

1. The maximum Management Fee that may be charged on Classes of Shares of the Sub-Fund is 2.00%.
2. Maximum, actual amount will be disclosed in annual reports

Dealing Cut-Off Times

Order Issuance	Cut-Off Time
Hong Kong SAR	4.00 p.m. Hong Kong SAR time on a Dealing Day which is also a business day in Hong Kong SAR. Applications received in Hong Kong SAR on a day which is not a Hong Kong SAR business day will be transacted on the next Hong Kong SAR business day.
Jersey	7:30 a.m. Jersey time on a Dealing day that is also a business day in Jersey.
Rest of the World	10.00 a.m. Luxembourg time on a Dealing Day

Valuation Point 5.00 p.m. on any given Dealing Day.

Investment Adviser

HSBC Global Asset Management (UK) Limited
8 Canada Square
London
E14 5HQ
United Kingdom

Additional Information

Additional information regarding the Sub-Fund, including up to date pricing, performance, annual & semi-annual reports and Key Investor Information Documents can be found on www.assetmanagement.hsbc.com. Please select your investor type and then 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Sub-Fund.

HSBC Portfolios – Select Cautious

Investment Objective

The Sub-Fund aims to provide, over a medium to long-term investment horizon, active and flexible management on a broad range of asset classes, including equity, fixed income or currencies.

Investment Policy

The investment strategy relies on a portfolio management process organized around 3 pillars:

1/ A medium to long term strategic allocation that relies on the Investment Adviser's convictions on the various asset classes, geographical regions, and management styles, as well as inputs from HSBC research teams in building and optimizing portfolios. This allocation is set within minimum and maximum limits that may be reached depending on certain market configurations.

2/ A short-term tactical asset allocation (TAA) illustrating the Investment Adviser's convictions on financial markets and eligible asset classes, based on a fundamental analysis of the global macroeconomic environment (growth, inflation, etc.); but also, on a more systematic approach aimed at taking advantage of potential market inefficiencies and opportunities (arbitrage strategies, market trend, etc.). TAA is broken down into several sub-strategies aimed at actively managing equity, interest rate, credit or currency risks. TAA is an important source of alpha over the long term, as financial markets have differentiated performances that are dependent on the economic cycle and market sentiment.

3/ A selection of investment vehicles most likely to offer the best exposure sought in the Investment Adviser's opinion. It operates on eligible financial instruments and/or UCITS and/or other Eligible UCIs sponsored/managed by HSBC, unless such funds are not eligible or suitable.

The Sub-Fund may invest up to 100% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including ETFs).

Although operating within broader allocation limits, the average Sub-Fund asset allocation, through investments into UCITS and/or Eligible UCIs (including ETFs), is composed of 15% in equities and 85% in fixed income. The Sub-Fund is exposed globally, including Emerging Markets, with a Euro bias.

The Sub-Fund will be mainly exposed to:

- up to 25% of its net assets in equity markets of any size (including small and medium capitalizations, with no predetermined limit), sector, or region (including Emerging Markets, with no predetermined limit);

- up to 110% of its net assets in fixed income, including Investment Grade, Non-Investment Grade and other similar fixed incomes securities, such as government bonds, corporate bonds, inflation-linked bonds, convertible bonds (including contingent convertible securities up to 10%) and asset-backed securities denominated in any currency and issued by European and international government and corporate entities. The Sub-Fund will not have an overall exposure to more than 30% of its net assets in Non-Investment Grade and Emerging Markets debts.

The Investment Adviser does not exclusively or mechanically use ratings provided by credit rating agencies and favors its own credit risk analysis to assess the credit quality of assets and in the selection of securities to buy or sell. In the event of different ratings, the highest one will be used;

- up to 20% of its net assets (with no predetermined minimum) in "diversified" and/or flexible investments, in particular in absolute return strategies (defined as management decorrelated from traditional markets) within the same limit and/or in alternative investment strategies with a limit of up to 10%.

It is intended to mainly achieve the above exposures through investments into UCITS and/or other Eligible UCIs (including ETFs) whose principal objective is, according to their offering document, to invest or provide exposure to the assets or securities listed above.

For diversification purposes, the Sub-Fund may gain exposure to other asset classes such as real estate, private equity, hedge fund strategies and commodities mainly through investments in UCITS and/or other Eligible UCIs.

The Sub-Fund does not intend to invest directly in fixed income securities. However, depending on market conditions, the Sub-Fund may invest directly on a temporary basis up to 10% of its net assets in medium/short term Investment Grade fixed income securities taking into account the best interests of the Shareholders.

The Sub-Fund's primary currency exposure is to the Euro.

Asset Class Exposure Limits

For the specific groups of asset class described in the table below, the Sub-Fund has a total maximum exposure limit as follows:

Asset Class	Maximum Exposure ¹
Equity ²	25%
Fixed income ³	110% (indirect)

Asset Class	Maximum Exposure ¹
	10% (direct)
Currencies ⁴	95%
◆ Commodity ⁵	10%
◆ Diversified/flexible ⁶	20%
- Absolute return	20%
- Alternative	10%
Total of the following:	30%
◆ Real estate ⁶	10%
◆ Private equity ⁶	10%
◆ Hedge fund ⁶	10%

1. Percentage of the Sub-Fund's net assets.
2. The Sub-Fund will not invest directly in equity markets but through UCITS and/or other eligible UCIs (including ETFs).
3. The Sub-Fund will gain exposure to fixed income through direct investments and/or investment in units or shares of UCITS and/or other Eligible UCIs (including ETFs). The Sub-Fund may use leverage to gain exposure of up to 110% of its net assets in fixed income by using financial derivative instruments on a temporary basis.
4. The Sub-Fund will not invest directly in currencies but through UCITS and/or other eligible UCIs (including ETFs) and/or financial derivative instruments (such as forwards, non-deliverable forwards).
5. The Sub-Fund will not invest directly in commodities but through investments into (i) UCITS and/or other Eligible UCIs (including ETFs) and/or (ii) financial derivative instruments (index futures, Total Return Swaps in particular), including securities that embed derivatives (such as certificates, EMTNs, warrants), on other UCITS eligible assets.
6. The Sub-Fund will not invest directly in real estate, private equity, diversified/flexible (including absolute return and alternative) and hedge funds but through investments into (i) UCITS and/or other Eligible UCIs (including ETFs) and REITs and/or (ii) financial derivative instruments, including securities that include derivatives, on other UCITS eligible assets.

Excluded Activities

Companies/issuers considered for inclusion within the Sub-Fund's portfolio will be subject to Excluded Activities in accordance with HSBC Asset Management's Responsible Investment Policies, which may change from time to time.

- ◆ **Banned Weapons** - The Sub-Fund will exclude companies/issuers HSBC considers to have verified or strongly indicated involvement in the development, production, use, maintenance, offering for sale, distribution, import or export, storage or transportation of weapons banned by certain international conventions.

Where HSBC has identified potential involvement, those companies/issuers may be subject to ESG due diligence checks to determine whether those companies/issuers should be excluded from a Sub-Fund's portfolio.

Banned weapons include anti-personnel mines, biological weapons, blinding laser weapons, chemical weapons, cluster munitions & non-detectable fragments.

- ◆ **Thermal Coal 1 (Expanders)** - The Sub-Fund will not participate in initial public offerings ("IPOs") or primary fixed income financing by companies/issuers HSBC considers to be engaged in the expansion of thermal coal production.

More information is provided in **Section 2.9. "Integration of Sustainability Risks into Investment Decisions and SFDR principles"**, sub-section "HSBC Asset Management Responsible Investment Policies".

Use of a Benchmark

The Sub-Fund is actively managed and is not constrained by a benchmark.

Use of Securities Financing Transactions and Total Return Swaps

In accordance with the restrictions outlined under **Appendix III. "Restrictions on Techniques & Instruments"**, the proportion of the Sub-Fund's net assets that could be subject to STF and TRS in accordance with SFTR will be as follows:

Type	Maximum	Expected
Securities Lending	N/A	N/A
Total Return Swaps	10%	5%

Use of Financial Derivative Instruments

The Sub-Fund may achieve its investment policy by investing in financial derivative instruments. Their primary use will be for hedging purposes, cash flow management and tactical asset allocation, taking both long and short positions. Financial derivative instruments may also be used for efficient portfolio management.

Financial derivative instruments that the Sub-Fund may use include, but are not limited to:

- ◆ foreign exchange forwards (including non-deliverable forwards),

- ◆ futures and options on equity indices (including dividends), interest rate, foreign exchange, currency, commodities, volatility
- ◆ swaps (including credit default, interest rate, index, inflation, currency) and Total Return Swaps on equity, fixed income, currency, volatility or commodity related indices),

Financial derivative instruments may also be embedded in other instruments used by the Sub-Fund.

The Sub-Fund may be leveraged through the use of financial derivative instruments.

Risk Management

The global exposure relating to this Sub-Fund will be calculated using an absolute Value-at-Risk approach. The average leverage of the Sub-Fund, under normal market conditions, calculated as the sum of the notionals of the financial derivative instruments used, is expected to be 70%, although higher levels are possible under certain circumstances, including but not limited to, during high levels of market volatility (when financial derivative instruments are generally used to manage the risk of the portfolio) or stability (when financial derivative instruments are generally used to access the relevant markets or securities in a more cost efficient way).

Risk Factors

This list is non-exhaustive. Further information relating to these risks, and all other risks that may be associated with this Sub-Fund are provided in the **Section 2 "Risk Considerations"**.

- | | |
|--------------------------------------|--|
| ◆ Reliance on the Investment Adviser | ◆ Emerging Markets Risk |
| ◆ General Risk | ◆ Foreign Exchange (Currency) Risk |
| ◆ Equity Risk | ◆ Volatility Risk |
| ◆ Interest Rate Risk | ◆ Particular Risks of Financial Derivative Instruments |
| ◆ Credit Risk | |
| ◆ Debt Securities Risk | |

Sub-Fund Details

Base Currency: EUR

SFDR Classification: Article 6

Dealing Days:

Any weekday (Monday to Friday) where banks are open for business in Luxembourg, Paris, London and New York.

A full dealing day calendar for each calendar year can be found on www.assetmanagement.hsbc.com. Please select your investor type and then 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Sub-Fund.

Profile of a Typical Investor

The Sub-Fund may be suitable for investors looking for a diversified investment solution offering exposure to both equities and bonds and seeking a reasonable level of capital growth while willing to accept a low degree of risk.

Investors should have a medium to long-term investment horizon and understand the volatility associated with investments in global equities and bonds, with a EUR bias.

Charges & Expenses

Class of Shares	Minimum Initial Investment & Minimum Holding*	Minimum Subsequent Investment	Maximum Sales Charge (%**)	Management Fee (%**) ¹	Operating, Administrative and Servicing Expenses (%**) ²
A	5,000	1,000	4.17	0.90	0.25
B	5,000	1,000	4.17	0.45	0.25
E	5,000	1,000	4.17	1.30	0.25
X	1,000,000	100,000	4.17	0.45	0.25
Z	1,000,000	100,000	4.17	0.00	0.25

* in EUR or equivalent amount in a major currency

** of the net asset value.

1. The maximum Management Fee that may be charged on Classes of Shares of the Sub-Fund is 2.00%
2. Maximum, actual amount will be disclosed in annual reports

Dealing Cut-Off Times

Order Issuance	Cut-Off Time
	4.00 p.m. Hong Kong SAR time on a Dealing Day which is also a business day in Hong Kong SAR.
Hong Kong SAR	Applications received in Hong Kong SAR on a day which is not a Hong Kong SAR business day will be transacted on the next Hong Kong SAR business day.
Jersey	7:30 a.m. Jersey time on a Dealing day that is also a business day in Jersey.
Rest of the World	10.00 a.m. Luxembourg time on a Dealing Day

Valuation Point 5.00 p.m. Luxembourg time on any given Dealing Day.

Investment Adviser

HSBC Global Asset Management (France)
Immeuble Coeur Defense – Tour A
110 Esplanade du General de Gaulle – La Défense 4
92400 Courbevoie
France

Additional Information

Additional information regarding the Sub-Fund, including up to date pricing, performance, annual & semi-annual reports and Key Investor Information Documents can be found on www.assetmanagement.hsbc.com. Please select your investor type and then 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Sub-Fund.

HSBC Portfolios – Select Conservative

Investment Objective

The Sub-Fund aims to provide, over a medium to long-term investment horizon, active and flexible management on a broad range of asset classes, including equity, fixed income or currencies.

Investment Policy

The investment strategy relies on a portfolio management process organized around 3 pillars:

1/ A medium to long term strategic allocation that relies on the Investment Adviser's convictions on the various asset classes, geographical regions, and management styles, as well as inputs from HSBC research teams in building and optimizing portfolios. This allocation is set within minimum and maximum limits that may be reached depending on certain market configurations.

2/ A short-term tactical asset allocation (TAA) illustrating the Investment Adviser's convictions on financial markets and eligible asset classes, based on a fundamental analysis of the global macroeconomic environment (growth, inflation, etc.); but also, on a more systematic approach aimed at taking advantage of potential market inefficiencies and opportunities (arbitrage strategies, market trend, etc.). TAA is broken down into several sub-strategies aimed at actively managing equity, interest rate, credit or currency risks. TAA is an important source of alpha over the long term, as financial markets have differentiated performances that are dependent on the economic cycle and market sentiment.

3/ A selection of investment vehicles most likely to offer the best exposure sought in the Investment Adviser's opinion. It operates on eligible financial instruments and/or UCITS and/or other Eligible UCIs sponsored/managed by HSBC, unless such funds are not eligible or suitable.

The Sub-Fund may invest up to 100% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including ETFs).

Although operating within broader allocation limits, the average Sub-Fund asset allocation, through investments into UCITS and/or Eligible UCIs (including ETFs), is composed of 30% in equities and 70% in fixed income. The Sub-Fund is exposed globally, including Emerging Markets, with a Euro bias.

The Sub-Fund will be mainly exposed to:

- up to 35% of its net assets in equity markets of any size (including small and medium capitalizations, with no predetermined limit), sector, or region (including Emerging Markets, with no predetermined limit);

- up to 90% of its net assets in fixed income, including Investment Grade, Non-Investment Grade and other similar fixed incomes securities, such as government bonds, corporate bonds, inflation-linked bonds, convertible bonds (including contingent convertible securities up to 10%) and asset-backed securities denominated in any currency and issued by European and international government and corporate entities. The Sub-Fund will not have an overall exposure to more than 30% of its net assets in Non-Investment Grade and Emerging Markets debts.

The Investment Adviser does not exclusively or mechanically use ratings provided by credit rating agencies and favors its own credit risk analysis to assess the credit quality of assets and in the selection of securities to buy or sell. In the event of different ratings, the highest one will be used;

- up to 20% of its net assets (with no predetermined minimum) in "diversified" and/or flexible investments, in particular in absolute return strategies (defined as management decorrelated from traditional markets) within the same limit and/or in alternative investment strategies with a limit of up to 10%.

It is intended to mainly achieve the above exposures through investments into UCITS and/or other Eligible UCIs (including ETFs) whose principal objective is, according to their offering document, to invest or provide exposure to the assets or securities listed above.

For diversification purposes, the Sub-Fund may gain exposure to other asset classes such as real estate, private equity, hedge fund strategies and commodities mainly through investments in UCITS and/or other Eligible UCIs.

The Sub-Fund does not intend to invest directly in fixed income securities. However, depending on market conditions, the Sub-Fund may invest directly on a temporary basis up to 10% of its net assets in medium/short term Investment Grade fixed income securities taking into account the best interests of the Shareholders.

The Sub-Fund's primary currency exposure is to the Euro.

Asset Class Exposure Limits

For the specific groups of asset class described in the table below, the Sub-Fund has a total maximum exposure limit as follows:

Asset Class	Maximum Exposure ¹
Equity ²	35%
Fixed income ³	90% (indirect)

Asset Class	Maximum Exposure ¹
	10% (direct)
Currencies ⁴	95%
Commodity ⁵	10%
Diversified/flexible ⁶	20%
- Absolute return	20%
- Alternative	10%
Total of the following:	30%
◆ Real estate ⁶	10%
◆ Private equity ⁶	10%
◆ Hedge fund ⁶	10%

1. Percentage of the Sub-Fund's net assets.
2. The Sub-Fund will not invest directly in equity markets but through UCITS and/or other eligible UCIs (including ETFs).
3. The Sub-Fund will gain exposure to fixed income through direct investments and/or investment in units or shares of UCITS and/or other Eligible UCIs (including ETFs).
4. The Sub-Fund will not invest directly in currencies but through UCITS and/or other eligible UCIs (including ETFs) and/or financial derivative instruments (such as forwards, non-deliverable forwards).
5. The Sub-Fund will not invest directly in commodities but through investments into (i) UCITS and/or other Eligible UCIs (including ETFs) and/or (ii) financial derivative instruments (index futures, Total Return Swaps in particular), including securities that embed derivatives (such as certificates, EMTNs, warrants), on other UCITS eligible assets.
6. The Sub-Fund will not invest directly in real estate, private equity, diversified/flexible (including absolute return and alternative) and hedge funds but through investments into (i) UCITS and/or other Eligible UCIs (including ETFs) and REITs and/or (ii) financial derivative instruments, including securities that include derivatives, on other UCITS eligible assets.

Excluded Activities

Companies/issuers considered for inclusion within the Sub-Fund's portfolio will be subject to Excluded Activities in accordance with HSBC Asset Management's Responsible Investment Policies, which may change from time to time.

- ◆ **Banned Weapons** - The Sub-Fund will exclude companies/issuers HSBC considers to have verified or strongly indicated involvement in the development, production, use, maintenance, offering for sale, distribution, import or export, storage or transportation of weapons banned by certain international conventions.

Where HSBC has identified potential involvement, those companies/issuers may be subject to ESG due diligence checks to determine whether those companies/issuers should be excluded from a Sub-Fund's portfolio.

Banned weapons include anti-personnel mines, biological weapons, blinding laser weapons, chemical

weapons, cluster munitions & non-detectable fragments.

- ◆ **Thermal Coal 1 (Expanders)** - The Sub-Fund will not participate in initial public offerings ("IPOs") or primary fixed income financing by companies/issuers HSBC considers to be engaged in the expansion of thermal coal production.

More information is provided in **Section 2.9. "Integration of Sustainability Risks into Investment Decisions and SFDR principles"**, sub-section "HSBC Asset Management Responsible Investment Policies".

Use of a Benchmark

The Sub-Fund is actively managed and is not constrained by a benchmark.

Use of Securities Financing Transactions and Total Return Swaps

In accordance with the restrictions outlined under **Appendix III. "Restrictions on Techniques & Instruments"**, the proportion of the Sub-Fund's net assets that could be subject to STF and TRS in accordance with SFTR will be as follows:

Type	Maximum	Expected
Securities Lending	N/A	N/A
Total Return Swaps	10%	5%

Use of Financial Derivative Instruments

The Sub-Fund may achieve its investment policy by investing in financial derivative instruments. Their primary use will be for hedging purposes, cash flow management and tactical asset allocation, taking both long and short positions. Financial derivative instruments may also be used for efficient portfolio management.

Financial derivative instruments that the Sub-Fund may use include, but are not limited to:

- ◆ foreign exchange forwards (including non-deliverable forwards),
- ◆ futures and options on equity indices (including dividends), interest rate, foreign exchange, currency, commodities, volatility

- ◆ swaps (including credit default, interest rate, index, inflation, currency) and Total Return Swaps on equity, fixed income, currency, volatility or commodity related indices),

Financial derivative instruments may also be embedded in other instruments used by the Sub-Fund.

The Sub-Fund may be leveraged through the use of financial derivative instruments.

Risk Management

The global exposure relating to this Sub-Fund will be calculated using an absolute Value-at-Risk approach. The average leverage of the Sub-Fund, under normal market conditions, calculated as the sum of the notionals of the financial derivative instruments used, is expected to be 80%, although higher levels are possible under certain circumstances, including but not limited to, during high levels of market volatility (when financial derivative instruments are generally used to manage the risk of the portfolio) or stability (when financial derivative instruments are generally used to access the relevant markets or securities in a more cost efficient way).

Risk Factors

This list is non-exhaustive. Further information relating to these risks, and all other risks that may be associated with this Sub-Fund are provided in the **Section 2 "Risk Considerations"**.

- | | |
|--------------------------------------|--|
| ◆ Reliance on the Investment Adviser | ◆ Emerging Markets Risk |
| ◆ General Risk | ◆ Foreign Exchange (Currency) Risk |
| ◆ Equity Risk | ◆ Volatility Risk |
| ◆ Interest Rate Risk | ◆ Particular Risks of Financial Derivative Instruments |
| ◆ Credit Risk | |
| ◆ Debt Securities Risk | |

Profile of a Typical Investor

The Sub-Fund may be suitable for investors looking for a diversified investment solution offering exposure to both equities and bonds and seeking a reasonable level of capital growth while willing to accept a low to medium degree of risk.

Investors should have a medium to long-term investment horizon and understand the volatility associated with investments in global equities and bonds, with a EUR bias.

Sub-Fund Details

Base Currency: EUR

SFDR Classification: Article 6

Dealing Days: Any weekday (Monday to Friday) where banks are open for business in Luxembourg, Paris, London and New York

A full dealing day calendar for each calendar year can be found on www.assetmanagement.hsbc.com. Please select your investor type and then 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Sub-Fund.

Charges & Expenses

Class of Shares	Minimum Initial Investment & Minimum Holding*	Minimum Subsequent Investment	Maximum Sales Charge (%**)	Management Fee (%**) ¹	Operating, Administrative and Servicing Expenses (%**) ²
A	5,000	1,000	4.17	1.00	0.25
B	5,000	1,000	4.17	0.50	0.25
E	5,000	1,000	4.17	1.30	0.25
X	1,000,000	100,000	4.17	0.50	0.25
Z	1,000,000	100,000	4.17	0.00	0.25

* in EUR or equivalent amount in a major currency

** of the net asset value.

1. The maximum Management Fee that may be charged on Classes of Shares of the Sub-Fund is 2.00%.
2. Maximum, actual amount will be disclosed in annual reports

Dealing Cut-Off Times

Order Issuance	Cut-Off Time
Hong Kong SAR	4.00 p.m. Hong Kong SAR time on a Dealing Day which is also a business day in Hong Kong SAR. Applications received in Hong Kong SAR on a day which is not a Hong Kong SAR business day will be transacted on the next Hong Kong SAR business day.
Jersey	7:30 a.m. Jersey time on a Dealing day that is also a business day in Jersey.
Rest of the World	10.00 a.m. Luxembourg time on a Dealing Day

Valuation Point 5.00 p.m. Luxembourg time on any given Dealing Day.

Investment Adviser

HSBC Global Asset Management (France)
Immeuble Coeur Defense - Tour A
110 Esplanade du General de Gaulle- La Défense 4,
92400 Courbevoie
France

Additional Information

Additional information regarding the Sub-Fund, including up to date pricing, performance, annual & semi-annual reports and Key Investor Information Documents can be found on www.assetmanagement.hsbc.com. Please select your investor type and then 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Sub-Fund.

HSBC Portfolios – Select Balanced

Investment Objective

The Sub-Fund aims to provide, over a medium to long-term investment horizon, active and flexible management on a broad range of asset classes, including equity, fixed income or currencies.

Investment Policy

The investment strategy relies on a portfolio management process organized around 3 pillars:

1/ A medium to long term strategic allocation that relies on the Investment Adviser's convictions on the various asset classes, geographical regions, and management styles, as well as inputs from HSBC research teams in building and optimizing portfolios. This allocation is set within minimum and maximum limits that may be reached depending on certain market configurations.

2/ A short-term tactical asset allocation (TAA) illustrating the Investment Adviser's convictions on financial markets and eligible asset classes, based on a fundamental analysis of the global macroeconomic environment (growth, inflation, etc.); but also, on a more systematic approach aimed at taking advantage of potential market inefficiencies and opportunities (arbitrage strategies, market trend, etc.). TAA is broken down into several sub-strategies aimed at actively managing equity, interest rate, credit or currency risks. TAA is an important source of alpha over the long term, as financial markets have differentiated performances that are dependent on the economic cycle and market sentiment.

3/ A selection of investment vehicles most likely to offer the best exposure sought in the Investment Adviser's opinion. It operates on eligible financial instruments and/or UCITS and/or other Eligible UCIs sponsored/managed by HSBC, unless such funds are not eligible or suitable.

The Sub-Fund may invest up to 100% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including ETFs).

Although operating within broader allocation limits, the average Sub-Fund asset allocation, through investments into UCITS and/or Eligible UCIs (including ETFs), is composed of 50% in equities and 50% in fixed income. The Sub-Fund is exposed globally, including Emerging Markets, with a Euro bias.

The Sub-Fund will be mainly exposed to:

- up to 65% of its net assets in equity markets of any size (including small and medium capitalizations, with no predetermined limit), sector, or region (including Emerging Markets, with no predetermined limit);

- up to 65% of its net assets in fixed income, including Investment Grade, Non-Investment Grade and other similar fixed incomes securities, such as government bonds, corporate bonds, inflation-linked bonds, convertible bonds (including contingent convertible securities up to 10%) and asset-backed securities denominated in any currency and issued by European and international government and corporate entities. The Sub-Fund will not have an overall exposure to more than 30% of its net assets in Non-Investment Grade and Emerging Markets debts.

The Investment Adviser does not exclusively or mechanically use ratings provided by credit rating agencies and favors its own credit risk analysis to assess the credit quality of assets and in the selection of securities to buy or sell. In the event of different ratings, the highest one will be used;

- up to 20% of its net assets (with no predetermined minimum) in "diversified" and/or flexible investments, in particular in absolute return strategies (defined as management decorrelated from traditional markets) within the same limit and/or in alternative investment strategies with a limit of up to 10%.

It is intended to mainly achieve the above exposures through investments into UCITS and/or other Eligible UCIs (including ETFs) whose principal objective is, according to their offering document, to invest or provide exposure to the assets or securities listed above.

For diversification purposes, the Sub-Fund may gain exposure to other asset classes such as real estate, private equity, hedge fund strategies and commodities mainly through investments in UCITS and/or other Eligible UCIs.

The Sub-Fund does not intend to invest directly in fixed income securities. However, depending on market conditions, the Sub-Fund may invest directly on a temporary basis up to 10% of its net assets in medium/short term Investment Grade fixed income securities taking into account the best interests of the Shareholders.

The Sub-Fund's primary currency exposure is to the Euro.

Asset Class Exposure Limits

For the specific groups of asset class described in the table below, the Sub-Fund has a total maximum exposure limit as follows:

Asset Class	Maximum Exposure ¹
Equity ²	65%
Fixed income ³	65% (indirect)

Asset Class	Maximum Exposure ¹
	10% (direct)
Currencies ⁴	95%
Commodity ⁵	10%
Diversified/flexible ⁶	20%
- Absolute return	20%
- Alternative	10%
Total of the following:	30%
◆ Real estate ⁶	10%
◆ Private equity ⁶	10%
◆ Hedge fund ⁶	10%

1. Percentage of the Sub-Fund's net assets.
2. The Sub-Fund will not invest directly in equity markets but through UCITS and/or other eligible UCIs (including ETFs).
3. The Sub-Fund will gain exposure to fixed income through direct investments and/or investment in units or shares of UCITS and/or other Eligible UCIs (including ETFs).
4. The Sub-Fund will not invest directly in currencies but through UCITS and/or other eligible UCIs (including ETFs) and/or financial derivative instruments (such as forwards, non-deliverable forwards).
5. The Sub-Fund will not invest directly in commodities but through investments into (i) UCITS and/or other Eligible UCIs (including ETFs) and/or (ii) financial derivative instruments (index futures, Total Return Swaps in particular), including securities that embed derivatives (such as certificates, EMTNs, warrants), on other UCITS eligible assets.
6. The Sub-Fund will not invest directly in real estate, private equity, diversified/flexible (including absolute return and alternative) and hedge funds but through investments into (i) UCITS and/or other Eligible UCIs (including ETFs) and REITs and/or (ii) financial derivative instruments, including securities that include derivatives, on other UCITS eligible assets.

Excluded Activities

Companies/issuers considered for inclusion within the Sub-Fund's portfolio will be subject to Excluded Activities in accordance with HSBC Asset Management's Responsible Investment Policies, which may change from time to time.

- ◆ **Banned Weapons** - The Sub-Fund will exclude companies/issuers HSBC considers to have verified or strongly indicated involvement in the development, production, use, maintenance, offering for sale, distribution, import or export, storage or transportation of weapons banned by certain international conventions.

Where HSBC has identified potential involvement, those companies/issuers may be subject to ESG due diligence checks to determine whether those companies/issuers should be excluded from a Sub-Fund's portfolio.

Banned weapons include anti-personnel mines, biological weapons, blinding laser weapons, chemical weapons, cluster munitions & non-detectable fragments.

- ◆ **Thermal Coal 1 (Expanders)** - The Sub-Fund will not participate in initial public offerings ("IPOs") or primary fixed income financing by companies/issuers HSBC considers to be engaged in the expansion of thermal coal production.

More information is provided in **Section 2.9. "Integration of Sustainability Risks into Investment Decisions and SFDR principles"**, sub-section "HSBC Asset Management Responsible Investment Policies".

Use of a Benchmark

The Sub-Fund is actively managed and is not constrained by a benchmark.

Use of Securities Financing Transactions and Total Return Swaps

In accordance with the restrictions outlined under **Appendix III. "Restrictions on Techniques & Instruments"**, the proportion of the Sub-Fund's net assets that could be subject to STF and TRS in accordance with SFTR will be as follows:

Type	Maximum	Expected
Securities Lending	N/A	N/A
Total Return Swaps	10%	5%

Use of Financial Derivative Instruments

The Sub-Fund may achieve its investment policy by investing in financial derivative instruments. Their primary use will be for hedging purposes, cash flow management and tactical asset allocation, taking both long and short positions. Financial derivative instruments may also be used for efficient portfolio management.

Financial derivative instruments that the Sub-Fund may use include, but are not limited to:

- ◆ foreign exchange forwards (including non-deliverable forwards),

- ◆ futures and options on equity indices (including dividends), interest rate, foreign exchange, currency, commodities, volatility
- ◆ swaps (including credit default, interest rate, index, inflation, currency) and Total Return Swaps on equity, fixed income, currency, volatility or commodity related indices),

Financial derivative instruments may also be embedded in other instruments used by the Sub-Fund.

The Sub-Fund may be leveraged through the use of financial derivative instruments.

Risk Management

The global exposure relating to this Sub-Fund will be calculated using an absolute Value-at-Risk approach. The average leverage of the Sub-Fund, under normal market conditions, calculated as the sum of the notionals of the financial derivative instruments used, is expected to be 90%, although higher levels are possible under certain circumstances, including but not limited to, during high levels of market volatility (when financial derivative instruments are generally used to manage the risk of the portfolio) or stability (when financial derivative instruments are generally used to access the relevant markets or securities in a more cost efficient way).

Risk Factors

This list is non-exhaustive. Further information relating to these risks, and all other risks that may be associated with this Sub-Fund are provided in the **Section 2 "Risk Considerations"**.

- | | |
|--------------------------------------|--|
| ◆ Reliance on the Investment Adviser | ◆ Emerging Markets Risk |
| ◆ General Risk | ◆ Foreign Exchange (Currency) Risk |
| ◆ Equity Risk | ◆ Volatility Risk |
| ◆ Interest Rate Risk | ◆ Particular Risks of Financial Derivative Instruments |
| ◆ Credit Risk | |
| ◆ Debt Securities Risk | |

Investors should have a medium to long-term investment horizon and understand the volatility associated with investments in global equities and bonds, with a EUR bias.

Sub-Fund Details

Base Currency EUR

SFDR Classification Article 6

Dealing Days: Any weekday (Monday to Friday) where banks are open for business in Luxembourg, Paris, London and New York

A full dealing day calendar for each calendar year can be found on www.assetmanagement.hsbc.com. Please select your investor type and then 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Sub-Fund.

Profile of a Typical Investor

The Sub-Fund may be suitable for investors looking for a diversified investment solution offering exposure to both equities and bonds and seeking a reasonable level of capital growth while willing to accept a medium degree of risk.

Charges & Expenses

Class of Shares	Minimum Initial Investment & Minimum Holding*	Minimum Subsequent Investment	Maximum Sales Charge (%**)	Management Fee (%**) ¹	Operating, Administrative and Servicing Expenses (%**) ²
A	5,000	1,000	4.17	1.10	0.25
B	5,000	1,000	4.17	0.55	0.25
E	5,000	1,000	4.17	1.30	0.25
X	1,000,000	100,000	4.17	0.55	0.25
Z	1,000,000	100,000	4.17	0.00	0.25

* in EUR or equivalent amount in a major currency

** of the net asset value.

1. The maximum Management Fee that may be charged on Classes of Shares of the Sub-Fund is 2.00%
2. Maximum, actual amount will be disclosed in annual reports

Dealing Cut-Off Times

Order Issuance	Cut-Off Time
Hong Kong SAR	4.00 p.m. Hong Kong SAR time on a Dealing Day which is also a business day in Hong Kong SAR. Applications received in Hong Kong SAR on a day which is not a Hong Kong SAR business day will be transacted on the next Hong Kong SAR business day.
Jersey	7:30 a.m. Jersey time on a Dealing day that is also a business day in Jersey.
Rest of the World	10.00 a.m. Luxembourg time on a Dealing Day

Valuation Point 5.00 p.m. Luxembourg time on any given Dealing Day.

Investment Adviser

HSBC Global Asset Management (France)
Immeuble Coeur Defense - Tour A
110 Esplanade du General de Gaulle- La Défense 4,
92400 Courbevoie
France

Additional Information

Additional information regarding the Sub-Fund, including up to date pricing, performance, annual & semi-annual reports and Key Investor Information Documents can be found on www.assetmanagement.hsbc.com. Please select your investor type and then 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Sub-Fund.

HSBC Portfolios – Select Dynamic

Investment Objective

The Sub-Fund aims to provide, over a medium to long-term investment horizon, active and flexible management on a broad range of asset classes, including equity, fixed income or currencies.

Investment Policy

The investment strategy relies on a portfolio management process organized around 3 pillars:

1/ A medium to long term strategic allocation that relies on the Investment Adviser's convictions on the various asset classes, geographical regions, and management styles, as well as inputs from HSBC research teams in building and optimizing portfolios. This allocation is set within minimum and maximum limits that may be reached depending on certain market configurations.

2/ A short-term tactical asset allocation (TAA) illustrating the Investment Adviser's convictions on financial markets and eligible asset classes, based on a fundamental analysis of the global macroeconomic environment (growth, inflation, etc.); but also, on a more systematic approach aimed at taking advantage of potential market inefficiencies and opportunities (arbitrage strategies, market trend, etc.). TAA is broken down into several sub-strategies aimed at actively managing equity, interest rate, credit or currency risks. TAA is an important source of alpha over the long term, as financial markets have differentiated performances that are dependent on the economic cycle and market sentiment.

3/ A selection of investment vehicles most likely to offer the best exposure sought in the Investment Adviser's opinion. It operates on eligible financial instruments and/or UCITS and/or other Eligible UCIs sponsored/managed by HSBC, unless such funds are not eligible or suitable.

The Sub-Fund may invest up to 100% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including ETFs).

Although operating within broader allocation limits, the average Sub-Fund asset allocation, through investments into UCITS and/or Eligible UCIs (including ETFs), is composed of 65% in equities and 35% in fixed income. The Sub-Fund is exposed globally, including Emerging Markets, with a Euro bias.

The Sub-Fund will be mainly exposed to:

- up to 80% of its net assets in equity markets of any size (including small and medium capitalizations, with no predetermined limit), sector, or region (including Emerging Markets, with no predetermined limit);

- up to 50% of its net assets in fixed income, including Investment Grade, Non-Investment Grade and other similar fixed incomes securities, such as government bonds, corporate bonds, inflation-linked bonds, convertible bonds (including contingent convertible securities up to 10%) and asset-backed securities denominated in any currency and issued by European and international government and corporate entities. The Sub-Fund will not have an overall exposure to more than 30% of its net assets in Non-Investment Grade and Emerging Markets debts.

The Investment Adviser does not exclusively or mechanically use ratings provided by credit rating agencies and favors its own credit risk analysis to assess the credit quality of assets and in the selection of securities to buy or sell. In the event of different ratings, the highest one will be used;

- up to 20% of its net assets (with no predetermined minimum) in "diversified" and/or flexible investments, in particular in absolute return strategies (defined as management decorrelated from traditional markets) within the same limit and/or in alternative investment strategies with a limit of up to 10%.

It is intended to mainly achieve the above exposures through investments into UCITS and/or other Eligible UCIs (including ETFs) whose principal objective is, according to their offering document, to invest or provide exposure to the assets or securities listed above.

For diversification purposes, the Sub-Fund may gain exposure to other asset classes such as real estate, private equity, hedge fund strategies and commodities mainly through investments in UCITS and/or other Eligible UCIs.

The Sub-Fund does not intend to invest directly in fixed income securities. However, depending on market conditions, the Sub-Fund may invest directly on a temporary basis up to 10% of its net assets in medium/short term Investment Grade fixed income securities taking into account the best interests of the Shareholders.

The Sub-Fund's primary currency exposure is to the Euro.

Asset Class Exposure Limits

For the specific groups of asset class described in the table below, the Sub-Fund has a total maximum exposure limit as follows:

Asset Class	Maximum Exposure ¹
Equity ²	80%
Fixed income ³	50% (indirect)

Asset Class	Maximum Exposure ¹
	10% (direct)
Currencies ⁴	95%
Commodity ⁵	10%
Diversified/flexible ⁶	20%
- Absolute return	20%
- Alternative	10%
Total of the following:	30%
◆ Real estate ⁶	10%
◆ Private equity ⁶	10%
◆ Hedge fund ⁶	10%

1. Percentage of the Sub-Fund's net assets.
2. The Sub-Fund will not invest directly in equity markets but through UCITS and/or other eligible UCIs (including ETFs).
3. The Sub-Fund will gain exposure to fixed income through direct investments and/or investment in units or shares of UCITS and/or other Eligible UCIs (including ETFs).
4. The Sub-Fund will not invest directly in currencies but through UCITS and/or other eligible UCIs (including ETFs) and/or financial derivative instruments (such as forwards, non-deliverable forwards).
5. The Sub-Fund will not invest directly in commodities but through investments into (i) UCITS and/or other Eligible UCIs (including ETFs) and/or (ii) financial derivative instruments (index futures, Total Return Swaps in particular), including securities that embed derivatives (such as certificates, EMTNs, warrants), on other UCITS eligible assets.
6. The Sub-Fund will not invest directly in real estate, private equity, diversified/flexible (including absolute return and alternative) and hedge funds but through investments into (i) UCITS and/or other Eligible UCIs (including ETFs) and REITs and/or (ii) financial derivative instruments, including securities that include derivatives, on other UCITS eligible assets.

Excluded Activities

Companies/issuers considered for inclusion within the Sub-Fund's portfolio will be subject to Excluded Activities in accordance with HSBC Asset Management's Responsible Investment Policies, which may change from time to time.

- ◆ **Banned Weapons** - The Sub-Fund will exclude companies/issuers HSBC considers to have verified or strongly indicated involvement in the development, production, use, maintenance, offering for sale, distribution, import or export, storage or transportation of weapons banned by certain international conventions.

Where HSBC has identified potential involvement, those companies/issuers may be subject to ESG due diligence checks to determine whether those companies/issuers should be excluded from a Sub-Fund's portfolio.

Banned weapons include anti-personnel mines, biological weapons, blinding laser weapons, chemical weapons, cluster munitions & non-detectable fragments.

- ◆ **Thermal Coal 1 (Expanders)** - The Sub-Fund will not participate in initial public offerings ("IPOs") or primary fixed income financing by companies/issuers HSBC considers to be engaged in the expansion of thermal coal production.

More information is provided in **Section 2.9. "Integration of Sustainability Risks into Investment Decisions and SFDR principles"**, sub-section "HSBC Asset Management Responsible Investment Policies".

Use of a Benchmark

The Sub-Fund is actively managed and is not constrained by a benchmark.

Use of Securities Financing Transactions and Total Return Swaps

In accordance with the restrictions outlined under **Appendix III. "Restrictions on Techniques & Instruments"**, the proportion of the Sub-Fund's net assets that could be subject to STF and TRS in accordance with SFTR will be as follows:

Type	Maximum	Expected
Securities Lending	N/A	N/A
Total Return Swaps	10%	5%

Use of Financial Derivative Instruments

The Sub-Fund may achieve its investment policy by investing in financial derivative instruments. Their primary use will be for hedging purposes, cash flow management and tactical asset allocation, taking both long and short positions. Financial derivative instruments may also be used for efficient portfolio management.

Financial derivative instruments that the Sub-Fund may use include, but are not limited to:

- ◆ foreign exchange forwards (including non-deliverable forwards),

- ◆ futures and options on equity indices (including dividends), interest rate, foreign exchange, currency, commodities, volatility
- ◆ swaps (including credit default, interest rate, index, inflation, currency) and Total Return Swaps on equity, fixed income, currency, volatility or commodity related indices),

Financial derivative instruments may also be embedded in other instruments used by the Sub-Fund.

The Sub-Fund may be leveraged through the use of financial derivative instruments.

Risk Management

The global exposure relating to this Sub-Fund will be calculated using an absolute Value-at-Risk approach. The average leverage of the Sub-Fund, under normal market conditions, calculated as the sum of the notionals of the financial derivative instruments used, is expected to be 100%, although higher levels are possible under certain circumstances, including but not limited to, during high levels of market volatility (when financial derivative instruments are generally used to manage the risk of the portfolio) or stability (when financial derivative instruments are generally used to access the relevant markets or securities in a more cost efficient way).

Risk Factors

This list is non-exhaustive. Further information relating to these risks, and all other risks that may be associated with this Sub-Fund are provided in the **Section 2 "Risk Considerations"**.

- | | |
|--------------------------------------|--|
| ◆ Reliance on the Investment Adviser | ◆ Debt Securities Risk |
| ◆ General Risk | ◆ Volatility Risk |
| ◆ Equity Risk | ◆ Foreign Exchange (Currency) Risk |
| ◆ Interest Rate Risk | ◆ Particular Risks of Financial Derivative Instruments |
| ◆ Credit Risk | |
| ◆ Emerging Markets Risk | |

Profile of a Typical Investor

The Sub-Fund may be suitable for investors looking for a diversified investment solution offering exposure to both equities and bonds and seeking a reasonable level of capital growth while willing to accept a medium to high degree of risk.

Investors should have a medium to long-term investment horizon and understand the volatility associated with investments in global equities and bonds, with a EUR bias.

Sub-Fund Details

Base Currency EUR

SFDR Classification Article 6

Dealing Days: Any weekday (Monday to Friday) where banks are open for business in Luxembourg, Paris, London and New York

A full dealing day calendar for each calendar year can be found on www.assetmanagement.hsbc.com. Please select your investor type and then 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Sub-Fund.

Charges & Expenses

Class of Shares	Minimum Initial Investment & Minimum Holding*	Minimum Subsequent Investment	Maximum Sales Charge (%**)	Management Fee (%**) ¹	Operating, Administrative and Servicing Expenses (%**) ²
A	5,000	1,000	4.17	1.20	0.25
B	5,000	1,000	4.17	0.60	0.25
E	5,000	1,000	4.17	1.30	0.25
X	1,000,000	100,000	4.17	0.60	0.25
Z	1,000,000	100,000	4.17	0.00	0.25

* in EUR or equivalent amount in a major currency

** of the net asset value.

1. The maximum Management Fee that may be charged on Classes of Shares of the Sub-Fund is 2.00%
2. Maximum, actual amount will be disclosed in annual reports

Dealing Cut-Off Times

Order Issuance	Cut-Off Time
	4.00 p.m. Hong Kong SAR time on a Dealing Day which is also a business day in Hong Kong SAR.
Hong Kong SAR	Applications received in Hong Kong SAR on a day which is not a Hong Kong SAR business day will be transacted on the next Hong Kong SAR business day.
Jersey	7:30 a.m. Jersey time on a Dealing day that is also a business day in Jersey.
Rest of the World	10.00 a.m. Luxembourg time on a Dealing Day

Valuation Point 5.00 p.m. Luxembourg time on any given Dealing Day.

Investment Adviser

HSBC Global Asset Management (France)
Immeuble Coeur Defense - Tour A
110 Esplanade du General de Gaulle- La Défense 4,
92400 Courbevoie
France

Additional Information

Additional information regarding the Sub-Fund, including up to date pricing, performance, annual & semi-annual reports and Key Investor Information Documents can be found on www.assetmanagement.hsbc.com. Please select your investor type and then 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Sub-Fund.

HSBC Portfolios – Select Adventurous

Investment Objective

The Sub-Fund aims to provide, over a medium to long-term investment horizon, active and flexible management on a broad range of asset classes, including predominantly equity and currencies.

Investment Policy

The investment strategy relies on a portfolio management process organized around 3 pillars:

1/ A medium to long term strategic allocation that relies on the Investment Adviser's convictions on the various asset classes, geographical regions, and management styles, as well as inputs from HSBC research teams in building and optimizing portfolios. This allocation is set within minimum and maximum limits that may be reached depending on certain market configurations.

2/ A short-term tactical asset allocation (TAA) illustrating the Investment Adviser's convictions on financial markets and eligible asset classes, based on a fundamental analysis of the global macroeconomic environment (growth, inflation, etc.); but also, on a more systematic approach aimed at taking advantage of potential market inefficiencies and opportunities (arbitrage strategies, market trend, etc.). TAA is broken down into several sub-strategies aimed at actively managing equity, interest rate, credit or currency risks. TAA is an important source of alpha over the long term, as financial markets have differentiated performances that are dependent on the economic cycle and market sentiment.

3/ A selection of investment vehicles most likely to offer the best exposure sought in the Investment Adviser's opinion. It operates on eligible financial instruments and/or UCITS and/or other Eligible UCIs sponsored/managed by HSBC, unless such funds are not eligible or suitable.

The Sub-Fund may invest up to 100% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including ETFs).

Although operating within broader allocation limits, the average Sub-Fund asset allocation, through investments into UCITS and/or Eligible UCIs (including ETFs), is composed of 90% in equities and 10% in fixed income. The Sub-Fund is exposed globally, including Emerging Markets, with a Euro bias.

The Sub-Fund will be mainly exposed to:

- up to 110% of its net assets in equity markets of any size (including small and medium capitalizations, with no predetermined limit), sector, or region (including Emerging Markets, with no predetermined limit);

- up to 15% of its net assets in fixed income, including Investment Grade, Non-Investment Grade and other similar fixed incomes securities, such as government bonds, corporate bonds, inflation-linked bonds, convertible bonds (including contingent convertible securities up to 10%), Emerging Markets debts and asset-backed securities denominated in any currency and issued by European and international government and corporate entities.

The Investment Adviser does not exclusively or mechanically use ratings provided by credit rating agencies and favors its own credit risk analysis to assess the credit quality of assets and in the selection of securities to buy or sell. In the event of different ratings, the highest one will be used;

- up to 15% of its net assets (with no predetermined minimum) in "diversified" and/or flexible investments, in particular in absolute return strategies (defined as management decorrelated from traditional markets) within the same limit and/or in alternative investment strategies with a limit of up to 10%.

It is intended to mainly achieve the above exposures through investments into UCITS and/or other Eligible UCIs (including ETFs) whose principal objective is, according to their offering document, to invest or provide exposure to the assets or securities listed above.

For diversification purposes, the Sub-Fund may gain exposure to other asset classes such as real estate, private equity, hedge fund strategies and commodities mainly through investments in UCITS and/or other Eligible UCIs.

The Sub-Fund does not intend to invest directly in fixed income securities. However, depending on market conditions, the Sub-Fund may invest directly on a temporary basis up to 10% of its net assets in medium/short term Investment Grade fixed income securities taking into account the best interests of the Shareholders.

The Sub-Fund's primary currency exposure is to the Euro.

Asset Class Exposure Limits

For the specific groups of asset class described in the table below, the Sub-Fund has a total maximum exposure limit as follows:

Asset Class	Maximum Exposure ¹
Equity ²	110%
Fixed income ³	15% (indirect) 10% (direct)

Asset Class	Maximum Exposure ¹
Currencies ⁴	95%
Commodity ⁵	10%
Diversified/flexible ⁶	15%
- Absolute return	15%
- Alternative	10%
Total of the following:	30%
◆ Real estate ⁶	10%
◆ Private equity ⁶	10%
◆ Hedge fund ⁶	10%

1. Percentage of the Sub-Fund's net assets.
2. The Sub-Fund will not invest directly in equity markets but through UCITS and/or other eligible UCIs (including ETFs). The Sub-fund may use leverage to gain exposure of up to 110% of its net assets in equity markets by using financial derivative instruments on a temporary basis.
3. The Sub-Fund will gain exposure to fixed income through direct investments and/or investment in units or shares of UCITS and/or other Eligible UCIs (including ETFs).
4. The Sub-Fund will not invest directly in currencies but through UCITS and/or other eligible UCIs (including ETFs) and/or financial derivative instruments (such as forwards, non-deliverable forwards).
5. The Sub-Fund will not invest directly in commodities but through investments into (i) UCITS and/or other Eligible UCIs (including ETFs) and/or (ii) financial derivative instruments (index futures, Total Return Swaps in particular), including securities that embed derivatives (such as certificates, EMTNs, warrants), on other UCITS eligible assets.
6. The Sub-Fund will not invest directly in real estate, private equity, diversified/flexible (including absolute return and alternative) and hedge funds but through investments into (i) UCITS and/or other Eligible UCIs (including ETFs) and REITs and/or (ii) financial derivative instruments, including securities that include derivatives, on other UCITS eligible assets.

Excluded Activities

Companies/issuers considered for inclusion within the Sub-Fund's portfolio will be subject to Excluded Activities in accordance with HSBC Asset Management's Responsible Investment Policies, which may change from time to time.

- ◆ **Banned Weapons** - The Sub-Fund will exclude companies/issuers HSBC considers to have verified or strongly indicated involvement in the development, production, use, maintenance, offering for sale, distribution, import or export, storage or transportation of weapons banned by certain international conventions.

Where HSBC has identified potential involvement, those companies/issuers may be subject to ESG due diligence checks to determine whether those companies/issuers should be excluded from a Sub-Fund's portfolio.

Banned weapons include anti-personnel mines, biological weapons, blinding laser weapons, chemical weapons, cluster munitions & non-detectable fragments.

- ◆ **Thermal Coal 1 (Expanders)** - The Sub-Fund will not participate in initial public offerings ("IPOs") or primary fixed income financing by companies/issuers HSBC considers to be engaged in the expansion of thermal coal production.

More information is provided in **Section 2.9. "Integration of Sustainability Risks into Investment Decisions and SFDR principles"**, sub-section "HSBC Asset Management Responsible Investment Policies".

Use of a Benchmark

The Sub-Fund is actively managed and is not constrained by a benchmark.

Use of Securities Financing Transactions and Total Return Swaps

In accordance with the restrictions outlined under **Appendix III. "Restrictions on Techniques & Instruments"**, the proportion of the Sub-Fund's net assets that could be subject to STF and TRS in accordance with SFTR will be as follows

Type	Maximum	Expected
Securities Lending	N/A	N/A
Total Return Swaps	10%	5%

Use of Financial Derivative Instruments

The Sub-Fund may achieve its investment policy by investing in financial derivative instruments. Their primary use will be for hedging purposes, cash flow management and tactical asset allocation, taking both long and short positions. Financial derivative instruments may also be used for efficient portfolio management.

Financial derivative instruments that the Sub-Fund may use include, but are not limited to:

- ◆ foreign exchange forwards (including non-deliverable forwards),

- ◆ futures and options on equity indices (including dividends), interest rate, foreign exchange, currency, commodities, volatility
- ◆ swaps (including credit default, interest rate, index, inflation, currency) and Total Return Swaps on equity, fixed income, currency, volatility or commodity related indices),

Financial derivative instruments may also be embedded in other instruments used by the Sub-Fund.

The Sub-Fund may be leveraged through the use of financial derivative instruments.

Risk Management

The global exposure relating to this Sub-Fund will be calculated using an absolute Value-at-Risk approach. The average leverage of the Sub-Fund, under normal market conditions, calculated as the sum of the notionals of the financial derivative instruments used, is expected to be 90%, although higher levels are possible under certain circumstances, including but not limited to, during high levels of market volatility (when financial derivative instruments are generally used to manage the risk of the portfolio) or stability (when financial derivative instruments are generally used to access the relevant markets or securities in a more cost efficient way).

Risk Factors

This list is non-exhaustive. Further information relating to these risks, and all other risks that may be associated with this Sub-Fund are provided in the **Section 2 "Risk Considerations"**.

- | | |
|--------------------------------------|--|
| ◆ Reliance on the Investment Adviser | ◆ Emerging Markets Risk |
| ◆ General Risk | ◆ Foreign Exchange (Currency) Risk |
| ◆ Equity Risk | ◆ Volatility Risk |
| ◆ Interest Rate Risk | ◆ Particular Risks of Financial Derivative Instruments |
| ◆ Credit Risk | |
| ◆ Debt Securities Risk | |

Investors should have a medium to long-term investment horizon and understand the volatility associated with investments in global equities and bonds, with a EUR bias.

Sub-Fund Details

Base Currency: EUR

SFDR Classification: Article 6

Dealing Days: Any weekday (Monday to Friday) where banks are open for business in Luxembourg, Paris, London and New York

A full dealing day calendar for each calendar year can be found on www.assetmanagement.hsbc.com. Please select your investor type and then 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Sub-Fund.

Profile of a Typical Investor

The Sub-Fund may be suitable for investors looking for a diversified investment solution offering exposure to both equities and bonds and seeking a reasonable level of capital growth while willing to accept a high degree of risk.

Charges & Expenses

Class of Shares	Minimum Initial Investment & Minimum Holding*	Minimum Subsequent Investment	Maximum Sales Charge (%**)	Management Fee (%**) ¹	Operating, Administrative and Servicing Expenses (%**) ²
A	5,000	1,000	4.17	1.30	0.25
B	5,000	1,000	4.17	0.65	0.25
E	5,000	1,000	4.17	1.30	0.25
X	1,000,000	100,000	4.17	0.65	0.25
Z	1,000,000	100,000	4.17	0.00	0.25

* in EUR or equivalent amount in a major currency

** of the net asset value.

1. The maximum Management Fee that may be charged on Classes of Shares of the Sub-Fund is 2.00%
2. Maximum, actual amount will be disclosed in annual reports

Dealing Cut-Off Times

Order Issuance	Cut-Off Time
Hong Kong SAR	4.00 p.m. Hong Kong SAR time on a Dealing Day which is also a business day in Hong Kong SAR. Applications received in Hong Kong SAR on a day which is not a Hong Kong SAR business day will be transacted on the next Hong Kong SAR business day.
Jersey	7:30 a.m. Jersey time on a Dealing day that is also a business day in Jersey.
Rest of the World	10.00 a.m. Luxembourg time on a Dealing Day

Valuation Point 5.00 p.m. Luxembourg time on any given Dealing Day.

Investment Adviser

HSBC Global Asset Management (France)
Immeuble Coeur Defense - Tour A
110 Esplanade du General de Gaulle- La Défense 4,
92400 Courbevoie
France

Additional Information

Additional information regarding the Sub-Fund, including up to date pricing, performance, annual & semi-annual reports and Key Investor Information Documents can be found on www.assetmanagement.hsbc.com. Please select your investor type and then 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Sub-Fund.

HSBC Portfolios – Select Flexible

Investment Objective

The Sub-Fund aims to provide, over a medium to long-term investment horizon, active and flexible management on a broad range of asset classes, including equity, fixed income or currencies, with a target volatility of 10% in normal market conditions.

Investment Policy

The investment strategy relies on a portfolio management process organized around 3 pillars:

1/ A medium to long term strategic allocation that relies on the Investment Adviser's convictions on the various asset classes, geographical regions, and management styles, as well as inputs from HSBC research teams in building and optimizing portfolios. This allocation is set within minimum and maximum limits that may be reached depending on certain market configurations.

2/ A short-term tactical asset allocation (TAA) illustrating the Investment Adviser's convictions on financial markets and eligible asset classes, based on a fundamental analysis of the global macroeconomic environment (growth, inflation, etc.); but also, on a more systematic approach aimed at taking advantage of potential market inefficiencies and opportunities (arbitrage strategies, market trend, etc.). TAA is broken down into several sub-strategies aimed at actively managing equity, interest rate, credit or currency risks. TAA is an important source of alpha over the long term, as financial markets have differentiated performances that are dependent on the economic cycle and market sentiment.

3/ A selection of investment vehicles most likely to offer the best exposure sought in the Investment Adviser's opinion. It operates on eligible financial instruments and/or UCITS and/or other Eligible UCIs sponsored/managed by HSBC, unless such funds are not eligible or suitable.

The Sub-Fund may invest up to 100% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including ETFs).

The average Sub-Fund asset allocation, through investments into UCITS and/or Eligible UCIs (including ETFs), is composed between 0 and 100% of equities and from -30% to 130% of fixed income. The Sub-Fund is exposed globally, including Emerging Markets, with a Euro bias.

The Sub-Fund will be mainly exposed to:

- up to 100% of its net assets in equity markets of any size (including small and medium capitalizations, with no predetermined limit), sector, or region (including Emerging Markets, with no predetermined limit);

- up to 130% of its net assets in fixed income, including Investment Grade, Non-Investment Grade and other similar fixed incomes securities, such as government bonds, corporate bonds, inflation-linked bonds, convertible bonds (including contingent convertible securities up to 10%) and asset-backed securities denominated in any currency and issued by European and international government and corporate entities. The Sub-Fund will not have an overall exposure to more than 30% of its net assets in Non-Investment Grade.

The Investment Adviser does not exclusively or mechanically use ratings provided by credit rating agencies and favors its own credit risk analysis to assess the credit quality of assets and in the selection of securities to buy or sell. In the event of different ratings, the highest one will be used;

- up to 20% of its net assets (with no predetermined minimum) in "diversified" and/or flexible investments, in particular in absolute return strategies (defined as management decorrelated from traditional markets) within a limit of up to 15% and/or in alternative investment strategies with a limit of up to 10%.

It is intended to mainly achieve the above exposures through investments into UCITS and/or other Eligible UCIs (including ETFs) whose principal objective is, according to their offering document, to invest or provide exposure to the assets or securities listed above.

For diversification purposes, the Sub-Fund may gain exposure to other asset classes such as real estate, private equity, hedge fund strategies and commodities mainly through investments in UCITS and/or other Eligible UCIs.

The Sub-Fund does not intend to invest directly in fixed income securities. However, depending on market conditions, the Sub-Fund may invest directly on a temporary basis up to 10% of its net assets in medium/short term Investment Grade fixed income securities taking into account the best interests of the Shareholders.

The Sub-Fund's primary currency exposure is to the Euro.

Asset Class Exposure Limits

For the specific groups of asset class described in the table below, the Sub-Fund has a total maximum exposure limit as follows:

Asset Class	Exposure range ¹
Equity ²	0 - 100%
Fixed income ³	-30% - 130% (indirect)

Asset Class	Exposure range ¹
	0% - 10% (direct)
Currencies ⁴	0 - 150%
Commodity ⁵	0 – 25%
Diversified/flexible ⁶	0- 20%
- Absolute return	0 - 15%
Alternative	0- 10%
Total of the following:	0 - 30%
◆ Real estate ⁶	0 - 10%
◆ Private equity ⁶	0 - 10%
◆ Hedge fund ⁶	0 - 10%

- Percentage of the Sub-Fund's net assets.
- The Sub-Fund will not invest directly in equity markets but through UCITS and/or other eligible UCIs (including ETFs).
- The Sub-Fund will gain exposure to fixed income through direct investments and/or investment in units or shares of UCITS and/or other Eligible UCIs (including ETFs). The Sub-Fund may by using financial derivative instruments on a temporary basis (i) implement short positions that may reduce the net fixed income exposure to -30% of the Sub-Fund's net assets in order to protect the Sub-Fund from an increase in the general level of interest rates or (ii) use leverage to gain exposure of up to 130% of its net assets in fixed income.
- The Sub-Fund will not invest directly in currencies but through UCITS and/or other eligible UCIs (including ETFs) and/or financial derivative instruments (such as forwards, non-deliverable forwards). The Sub-fund may use leverage to gain exposure of up to 150% of its net assets to currencies by using financial derivative instruments on a temporary basis.
- The Sub-Fund will not invest directly in commodities but through investments into (i) UCITS and/or other Eligible UCIs (including ETFs) and/or (ii) financial derivative instruments (index futures, Total Return Swaps in particular), including securities that embed derivatives (such as certificates, EMTNs, warrants), on other UCITS eligible assets.
- The Sub-Fund will not invest directly in real estate, private equity, diversified/flexible (including absolute return and alternative) and hedge funds but through investments into (i) UCITS and/or other Eligible UCIs (including ETFs) and REITs and/or (ii) financial derivative instruments, including securities that include derivatives, on other UCITS eligible assets.

Excluded Activities

Companies/issuers considered for inclusion within the Sub-Fund's portfolio will be subject to Excluded Activities in accordance with HSBC Asset Management's Responsible Investment Policies, which may change from time to time.

- ◆ **Banned Weapons** - The Sub-Fund will exclude companies/issuers HSBC considers to have verified or strongly indicated involvement in the development, production, use, maintenance, offering for sale, distribution, import or export, storage or transportation of weapons banned by certain international conventions.

Where HSBC has identified potential involvement, those companies/issuers may be subject to ESG due diligence checks to determine whether those companies/issuers should be excluded from a Sub-Fund's portfolio.

Banned weapons include anti-personnel mines, biological weapons, blinding laser weapons, chemical weapons, cluster munitions & non-detectable fragments.

- ◆ **Thermal Coal 1 (Expanders)** - The Sub-Fund will not participate in initial public offerings ("IPOs") or primary fixed income financing by companies/issuers HSBC considers to be engaged in the expansion of thermal coal production.

More information is provided in **Section 2.9. "Integration of Sustainability Risks into Investment Decisions and SFDR principles"**, sub-section "HSBC Asset Management Responsible Investment Policies".

Use of a Benchmark

The Sub-Fund is actively managed and is not constrained by a benchmark.

Use of Securities Financing Transactions and Total Return Swaps

In accordance with the restrictions outlined under **Appendix III. "Restrictions on Techniques & Instruments"**, the proportion of the Sub-Fund's net assets that could be subject to STF and TRS in accordance with SFTR will be as follows:

Type	Maximum	Expected
Securities Lending	N/A	N/A
Total Return Swaps	60%	25%

Use of Financial Derivative Instruments

The Sub-Fund may achieve its investment policy by investing in financial derivative instruments. Their primary use will be for hedging purposes, cash flow management and tactical asset allocation, taking both long and short positions. Financial derivative instruments may also be used for efficient portfolio management.

Financial derivative instruments that the Sub-Fund may use include, but are not limited to:

- ◆ foreign exchange forwards (including non-deliverable forwards),
- ◆ futures and options on equity indices (including dividends), interest rate, foreign exchange, currency, commodities, volatility
- ◆ swaps (including credit default, interest rate, index, inflation, currency) and Total Return Swaps on equity, fixed income, currency, volatility or commodity related indices),

Financial derivative instruments may also be embedded in other instruments used by the Sub-Fund.

The Sub-Fund may be leveraged through the use of financial derivative instruments.

Risk Management

The global exposure relating to this Sub-Fund will be calculated using an absolute Value-at-Risk approach. The average leverage of the Sub-Fund, under normal market conditions, calculated as the sum of the notionals of the financial derivative instruments used, is expected to be 400%, although higher levels are possible under certain circumstances, including but not limited to, during high levels of market volatility (when financial derivative instruments are generally used to manage the risk of the portfolio) or stability (when financial derivative instruments are generally used to access the relevant markets or securities in a more cost efficient way).

Risk Factors

This list is non-exhaustive. Further information relating to these risks, and all other risks that may be associated with this Sub-Fund are provided in the **Section 2 "Risk Considerations"**.

- | | |
|--------------------------------------|--|
| ◆ Reliance on the Investment Adviser | ◆ Emerging Markets Risk |
| ◆ General Risk | ◆ Foreign Exchange (Currency) Risk |
| ◆ Equity Risk | ◆ Volatility risk |
| ◆ Interest Rate Risk | ◆ Particular Risks of Financial Derivative Instruments |
| ◆ Credit Risk | |
| ◆ Debt Securities Risk | |

Profile of a Typical Investor

The Sub-Fund may be suitable for investors looking for a diversified investment solution offering exposure to both equities and bonds and seeking a reasonable level of capital growth while willing to accept a low to medium degree of risk.

Investors should have a medium to long-term investment horizon and understand the volatility associated with investments in global equities and bonds, with a EUR bias.

Sub-Fund Details

Base Currency: EUR

SFDR Classification: Article 6

Dealing Days: Any weekday (Monday to Friday) where banks are open for business in Luxembourg, Paris, London and New York.

A full dealing day calendar for each calendar year can be found on www.assetmanagement.hsbc.com. Please select your investor type and then 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Sub-Fund page, where you can use the search or filter functions to find your particular Sub-Fund.

Charges & Expenses

Class of Shares	Minimum Initial Investment & Minimum Holding*	Minimum Subsequent Investment	Maximum Sales Charge (%**)	Management Fee (%**) ¹	Operating, Administrative and Servicing Expenses (%**) ²
A	5,000	1,000	4.17	1.20	0.25
B	5,000	1,000	4.17	0.60	0.25
E	5,000	1,000	4.17	1.30	0.25
X	1,000,000	100,000	4.17	0.60	0.25
Z	1,000,000	100,000	4.17	0.00	0.25

* in EUR or equivalent amount in a major currency

** of the net asset value.

1. The maximum Management Fee that may be charged on Classes of Shares of the Sub-Fund is 2.00%
2. Maximum, actual amount will be disclosed in annual reports

Dealing Cut-Off Times

Order Issuance	Cut-Off Time
	4.00 p.m. Hong Kong SAR time on a Dealing Day which is also a business day in Hong Kong SAR.
Hong Kong SAR	Applications received in Hong Kong SAR on a day which is not a Hong Kong SAR business day will be transacted on the next Hong Kong SAR business day.
Jersey	7:30 a.m. Jersey time on a Dealing day that is also a business day in Jersey.
Rest of the World	10.00 a.m. Luxembourg time on a Dealing Day

Valuation Point 5.00 p.m. Luxembourg time on any given Dealing Day.

Investment Adviser

HSBC Global Asset Management (France)
Immeuble Coeur Defense - Tour A
110 Esplanade du General de Gaulle- La Défense 4,
92400 Courbevoie
France

Additional Information

Additional information regarding the Sub-Fund, including up to date pricing, performance, annual & semi-annual reports and Key Investor Information Documents can be found on www.assetmanagement.hsbc.com. Please select your investor type and then 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Sub-Fund.

Appendix II. General Investment Restrictions

Each Sub-Fund of the Company shall be regarded as a separate UCITS for the purposes of this Appendix.

- I. (1) The Company may invest in:
 - a. transferable securities and money market instruments admitted to or dealt in on a regulated market;
 - b. transferable securities and money market instruments dealt in on another market in a Member State which is regulated, operates regularly and open to the public;
 - c. transferable securities and money market Instruments admitted to official listing on a stock exchange in a non-Member State of the European Union or dealt in on another market in a non-Member State of the European Union which is regulated, operates regularly and is recognised and open to the public provided that the choice of the stock exchange or market has been provided for in the constitutional documents of the Company;
 - d. recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or on another regulated market which operates regularly and is recognised and open to the public, provided that the choice of the stock exchange or the markets has been provided for in the constitutional documents of the Company and such admission is secured within one year of the issue;
 - e. shares or units of UCITS and/or other Eligible UCIs, whether situated in a Member State or not, provided that:
 - such other Eligible UCIs have been authorised under the laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in European Community law, and that cooperation between authorities is sufficiently ensured,
 - the level of protection for unitholders in such other Eligible UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC, as amended,
 - f. the business of such other Eligible UCIs is reported in semi-annual and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
 - no more than 10% of the assets of the UCITS or of the other Eligible UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in shares or units of other UCITS or other Eligible UCIs;
 - f. deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a country which is a Member State or if the registered office of the credit institution is situated in a third country provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in European Community law;
 - g. financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market referred to in subparagraphs a), b) and c) above and/or financial derivative instruments dealt in over-the-counter ("**OTC derivatives**"), provided that:
 - the underlying consists of instruments covered by this Section (I) (1), financial indices, interest rates, foreign exchange rates or currencies, in which the -Sub-Fund may invest according to its investment objective;
 - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF; and
 - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative;
- and/or
- h. money market instruments other than those dealt in on a regulated market and defined in the Glossary of the Prospectus, if the issuer or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:
 - issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the

EU or the European Investment Bank, a non-Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or

- issued by an undertaking any securities of which are dealt in on Regulated Markets referred to in subparagraphs a), b) or c) above, or
- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by the European Community law, or by an establishment which is subject to and complies with prudential rules considered by the Luxembourg supervisory authority to be at least as stringent as those laid down by European Community law, or
- issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million euro (Euro 10,000,000) and which presents and publishes its annual accounts in accordance with the fourth directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

(2) In addition, the Company may invest a maximum of 10% of the net assets of any Sub-Fund in transferable securities or money market instruments other than those referred to under paragraph (1) above.

- II. The Company may hold ancillary liquid assets.
- III. a) (i) The Company will invest no more than 10% of the net assets of any Sub-Fund in transferable securities or money market instruments issued by the same issuing body.

(ii) The Company may not invest more than 20% of the net assets of any Sub-Fund in deposits made with the same body. The risk exposure of a Sub-Fund to a counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in paragraph I. (1) f) above or 5% of its net assets in other cases.

b) Moreover, where the Company holds on behalf of a Sub-Fund investments in transferable securities and money market instruments of issuing bodies which individually exceed 5% of the net assets of such Sub-Fund, the total of all such investments must not account for more than 40% of the total net assets of such Sub-Fund.

This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph a), the Company shall not combine, where this would lead to investing more than 20% of its assets in a single body, any of the following for each Sub-Fund:

- investments in transferable securities or money market instruments issued by that body;
- deposits made with that body; or
- exposure arising from OTC derivative transactions undertaken with that body.

c) The limit of 10% laid down in sub-paragraph a) (i) above is increased to a maximum of 35% in respect of transferable securities or money market instruments which are issued or guaranteed by a Member State, its public local authorities, or by another Eligible State or by public international bodies of which one or more Member States are members.

d) The limit of 10% laid down in sub-paragraph a) (i) is increased to 25% for covered bonds as defined under Article 3, point 1 of Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU (hereafter "**Directive (EU 2019/2162)**"), and for certain bonds when they are issued before 8 July 2022 by a credit institution which has its registered office in a Member State and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds issued before 8 July 2022 must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.

If a Sub-Fund invests more than 5% of its net assets in the bonds referred to in this sub-paragraph and issued by one issuer, the total value of such investments may not exceed 80% of the net assets of the Sub-Fund.

e) The transferable securities and money market instruments referred to in paragraphs c) and d) shall not be included in the calculation of the limit of 40% in paragraph b).

The limits set out in paragraphs a), b), c) and d) may not be aggregated and, accordingly, investments in transferable securities or money market instruments issued by the same issuing body, in deposits or in financial derivative instruments effected with the same issuing body may not, in any event, exceed a total of 35% of any Sub-Fund's net assets.

Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this Section III.

The Company may cumulatively invest up to 20% of the net assets of a Sub-Fund in transferable securities and money market instruments within the same group.

f) Notwithstanding the above provisions, the Company is authorised to invest up to 100% of the net assets of any Sub-Fund, in accordance with the principle of risk spreading, in transferable securities and money market instruments issued or guaranteed by any Member State, by one or more of its local authorities or agencies, a non-Member State of the EU or by another Member State of the OECD, Singapore or any member state of the Group of Twenty or by public international bodies of which one or more Member States of the EU are members, provided that such Sub-Fund must hold securities from at least six different issues and securities from one issue do not account for more than 30% of the net assets of such Sub-Fund.

IV. a) Without prejudice to the limits laid down in Section V., the limits provided in Section III. are raised to a maximum of 20% for investments in shares and/or bonds issued by the same issuing body if the aim of the investment policy of a Sub-Fund is to replicate the composition of a certain stock or bond benchmark which is sufficiently diversified, represents an adequate benchmark for the market to which it refers, is published in an appropriate manner and disclosed in the relevant Sub-Fund's investment policy.

b) The limit laid down in paragraph a) is raised to 35% where this proves to be justified by exceptional market conditions, in particular on Regulated Markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

V. a) The Company may not acquire shares carrying voting rights which should enable it to exercise

significant influence over the management of an issuing body.

b) The Company may acquire no more than:

- 10% of the non-voting shares of the same issuer;
- 10% of the debt securities of the same issuer;
- 10% of the money market instruments of the same issuer.

c) These limits under second and third indents may be disregarded at the time of acquisition, if at that time the gross amount of debt securities or of the money market instruments or the net amount of the instruments in issue cannot be calculated.

The provisions of paragraph V. shall not be applicable to transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities or by any other Eligible State, or issued by public international bodies of which one or more Member States of the EU are members. These provisions are also waived as regards shares held by the Company in the capital of a company incorporated in a non-Member State of the EU which invests its assets mainly in the securities of issuing bodies having their registered office in that State, where under the legislation of that State, such a holding represents the only way in which the Company can invest in the securities of issuing bodies of that State provided that the investment policy of the company from the third country of the EU complies with the limits laid down in paragraphs III., V. and VI. a), b), and c).

VI. a) The Company may acquire units of the UCITS and/or other Eligible UCIs referred to in paragraph I. (1) e), provided that no more than 10% of a Sub-Fund's net assets be invested in the units of UCITS or other Eligible UCIs or in one single Sub-Fund of such UCITS or other Eligible UCI (including Target Sub-Funds as defined in Section VII below), unless otherwise provided in **Appendix I. "Sub-Fund Supplements"**.

b) The underlying investments held by the UCITS or other Eligible UCIs in which the Company invests do not have to be considered for the purpose of the investment restrictions set forth in Section III. above.

c) Where the Company invests in shares or units of UCITS (including other Sub-Funds of the Company) and/or other Eligible UCIs that are managed directly or indirectly by the Management Company itself or a company with which it is linked by way of common management or control or by way of a direct or indirect stake of more than 10% of the capital or votes, then there will be no duplication of

management, subscription or repurchase fees between the Company and the UCITS and/or other Eligible UCIs into which the Company invests. In derogation of this, if the Company invests in shares of HSBC ETFs PLC or certain sub-funds of the HSBC Global Funds ICAV and/or HSBC Global Funds II ICAV, then there may be duplication of management fees for any Sub-Funds. The Company will indicate in its annual report the total management fees charged both to the relevant Sub-Fund and to HSBC ETFs PLC and/or HSBC Global Funds ICAV and/or HSBC Global Funds II ICAV.

If any Sub-Fund's investments in UCITS and other Eligible UCIs constitute a substantial proportion of the Sub-Fund's assets, the total management fee (excluding any performance fee, if any) charged both to such Sub-Fund itself and the other UCITS and/or other Eligible UCIs concerned shall not exceed 2.5% of the relevant assets for HSBC Portfolios – World Selection 1, HSBC Portfolios – World Selection 2, HSBC Portfolios – World Selection 3, HSBC Portfolios – World Selection 4 and HSBC Portfolios – World Selection 5 and 3.00% of the relevant assets for HSBC Portfolios – Select Adventurous, HSBC Portfolios – Select Balanced, HSBC Portfolios – Select Cautious, HSBC Portfolios – Select Conservative, HSBC Portfolios – Select Dynamic and HSBC Portfolios – Select Flexible. The Company will indicate in its annual report the total management fees charged both to the relevant Sub-Fund and to the UCITS and other Eligible UCIs in which such Sub-Fund has invested during the relevant period.

d) The Company may acquire no more than 25% of the units of the same UCITS or other Eligible UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated.

e) To the extent that, pursuant to **Appendix I. "Sub-Fund Supplements"**, a Sub-Fund may invest more than 10% of its net assets in the units of UCITS or other Eligible UCIs or in one single such UCITS or other Eligible UCIs (including Target Sub-Funds), the following will apply:

- The Sub-Fund may acquire units of the UCITS and/or other Eligible UCIs referred to in paragraph I (1) e), provided that no more than 20% of the Sub-Fund's net assets be invested in the units of a single UCITS or other Eligible UCI.
- For the purpose of the application of the investment limit, each compartment of a UCITS and/or UCI with multiple compartments is to be considered as a separate issuer provided that the principle

of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.

- Investments made in units of other Eligible UCIs may not in aggregate exceed 30% of the net assets of the Sub-Fund.

VII. A sub-fund (the "**Investing Sub-Fund**") may subscribe, acquire and/or hold securities to be issued or issued by one or more Sub-Funds of the Company (each a "**Target Sub-Fund**") without the Company being subject to the requirements of the 1915 Law with respect to the subscription, acquisition and/or the holding by a company of its own shares; under the condition however that:

a) The Investing Sub-Fund may not invest more than 10% of its net asset value in a single Target Sub-Fund, this limit being increased to 20% if the Investing Sub-Fund is permitted, pursuant to **Appendix I. "Sub-Fund Supplements"**, to invest more than 10% of its net assets in the units of UCITS or other Eligible UCIs or in one single such UCITS or other Eligible UCIs;

b) The Target Sub-Fund(s) do(es) not, in turn, invest in the Investing Sub-Fund invested in this (these) Target Sub-Fund(s);

c) The investment policy(ies) of the Target Sub-Fund(s) whose acquisition is contemplated does not allow such Target Sub-Fund(s) to invest more than 10% of its (their) net asset value in UCITS and other Eligible UCIs;

d) Voting rights, if any, attaching to the Shares of the Target Sub-Fund(s) held by the Investing Sub-Fund are suspended for as long as they are held by the Investing Sub-Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports;

e) In any event, for as long as these securities are held by the Investing Sub-Fund, their value will not be taken into consideration for the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of the net assets imposed by the 2010 Law; and

f) There is no duplication of management/subscription or repurchase fees between those at the level of the Investing Sub-Fund(s).

VIII. The Company shall ensure for each Sub-Fund that the global exposure relating to derivative instruments does not exceed the net assets of the relevant Sub-Fund.

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time

available to liquidate the positions. This shall also apply to the following subparagraphs.

If the Company invests in financial derivative instruments, the exposure to the underlying assets may not exceed in aggregate the investment limits laid down in paragraph III above. When the Company invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in Section III.

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this paragraph VIII.

- IX. a) The Company may not borrow for the account of any Sub-Fund amounts in excess of 10% of the net assets of that Sub-Fund, any such borrowings to be from banks and to be effected only on a temporary basis, provided that the Company may acquire foreign currencies by means of back-to-back loans.
- b) The Company may not grant loans to or act as guarantor on behalf of third parties.

This restriction shall not prevent the Company from (i) acquiring transferable securities, money market instruments or other financial instruments referred to in paragraph I. (1) e), g) and h) which are not fully paid, and (ii) performing permitted Securities Lending activities, that shall not be deemed to constitute the making of a loan.

- c) The Company may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments.
- d) The Company may not acquire movable or immovable property.
- e) The Company may not acquire either precious metals or certificates representing them.
- X. a) The Company need not comply with the limits laid down in the above mentioned investment restrictions when exercising subscription rights attaching to transferable securities or money market instruments which form part of its assets. While ensuring observance of the principle of risk spreading, recently created Sub-Funds may derogate from paragraphs III., IV. and VI. a), b) and c) for a period of six months following the date of their creation.
- b) If the limits referred to in paragraph a) are exceeded for reasons beyond the control of the Company or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interest of its Shareholders.

Appendix III. Restrictions on Techniques & Instruments

Financial derivative instruments may be used for investment, hedging and efficient portfolio management purposes. Securities Lending and repurchase agreements under a) and b) below may be used for efficient portfolio management purposes. Additional restrictions or derogations for certain Sub-Funds will be disclosed in the respective Sub-Fund Supplement.

Efficient Portfolio Management

Efficient Portfolio Management ("EPM") refers to techniques and instruments which relate to transferable securities which fulfil the following criteria:

1. They are economically appropriate in that they are realised in a cost-effective way,
2. They are entered into for one or more of the following specific aims:
 - reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio),
 - reduction of cost (e.g. be short term cash flow management or tactical asset allocation),
 - generation of additional capital or income, with a level of risk that is consistent with the risk profile of a sub-fund.

The use of financial derivative instruments introduces an additional exposure of counterparty risk by the Sub-Fund, although this is managed through internal risk control mechanisms and according to the diversification and concentration requirements of the UCITS regulation.

The use of these EPM instruments/techniques does not change the objective of a Sub-Fund or add substantial risks in comparison to the original risk policy of a Sub-Fund.

Any EPM instruments/techniques are included within the Company's liquidity risk management process to ensure that the Company can continue to meet redemptions within the obligated timeframe.

HSBC Asset Management is responsible for managing any conflict that might exist such that conflicts are prevented from negatively impacting Shareholders.

All revenues generated from EPM techniques are returned to the Sub-Fund. Revenues received by third party facilitators (e.g. third-party agent lenders or broker-dealers) or affiliates, must be commercially justifiable given the level of service.

SFTR and Total Return Swaps

The Company will, for the time being, not enter into any securities financing transactions ("SFT(s)"), except Total Return Swaps, in accordance with the definitions described in

the Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 as amended from time to time ("SFTR").

In case the Company decides to use any SFTs other than Total Return Swaps, the Prospectus will be updated accordingly.

The maximum percentage of a sub-fund's net assets that could be subject to TRS in accordance with SFTR (as amended from time to time) are provided for each sub-fund in specific Sub-Fund Supplement. Sub-funds for which this information is not disclosed will not engage in such transactions.

Total Return Swaps

Each Sub-Fund may, to the extent permitted by its investment policy, enter into Total Return Swaps, in order to achieve its investment objective. In particular, a Total Return Swap may be used to replicate the exposure to an index or to swap the performance of one or more instruments into a stream of fixed or variable rate cash-flows.

The TRS may be applied to transferable securities and cash held by the relevant Sub-Fund.

For all Sub-Funds using instruments that might swap the performance of one asset into the performance of another (a TRS), the underlying exposure(s) of the TRS, or an instrument with similar characteristics, is taken into account when considering the Sub-Funds' investment limits.

When trading Total Return Swaps, the Investment Adviser shall trade with a counterparty that has been approved for OTC Financial Derivative Instruments ("FDIs") trading by the Investment Adviser. As part of the Investment Adviser's investment process, the Investment Adviser approves counterparties through its internal approval and selection process.

The approval and selection process for OTC FDI counterparties is a dynamic assessment of counterparties based on various criteria. Criteria used for approval of counterparties may include, but are not limited to, a counterparty's relative strength of credit and regulatory risk profile; ability to provide liquidity, and execution of specialized trades; accessibility, speed and responsiveness; willingness to compromise, and to resolve escalated issues; quality and value of research or financial markets information provided; span of markets covered and depth of coverage on covered markets; efficiency of trade settlement operations; system capabilities. The legal status, country of origin and minimum credit rating of the counterparty will also be taken into account in the selection process. Details of the selection criteria and a list of approved counterparties are available from the registered office of the Management Company.

Generally, the Company shall ensure that any Total Return Swap is traded under approved HSBC Group's standard documentation wherein:

- a. a collateral is valued according to a valuation schedule or similar mechanism;
- b. exposure of the Total Return Swap is calculated daily on a mark-to-market basis; and
- c. the variation margin is valued and exchanged daily, subject to the terms of the applicable derivatives trading contract.

All the assets subject to Total Return Swaps will be recorded as assets of the relevant sub-fund in the books of the Depository Bank. Collateral, if any, will be held in a separate collateral cash or securities account opened in the name of the sub-fund in the books of the Depository Bank.

The aim is to use Total Return Swaps on a temporary basis only, depending on market opportunities and as deemed relevant by the Investment Adviser to achieve the relevant sub-fund's investment objective.

All revenues, profits and losses generated through the use of Total Return Swaps shall be retained by the relevant Sub-Fund.

Global Exposure

The global exposure of each Sub-Fund relating to derivative instruments may not exceed the net assets of the relevant Sub-Fund.

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. This shall also apply to the next two sub-paragraphs.

If the Company invests in financial derivative instruments, the exposure to the underlying assets may not exceed in aggregate the investment limits laid down in item III. a) to e) of **Appendix II. "General Investment Restrictions"**. When the Company invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in item III. a) to e) of **Appendix II. "General Investment Restrictions"**.

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements set out in the preceding subparagraph.

Collateral

Under the investment advisory agreements, the Investment Advisers have authority to agree the terms for collateral arrangements, duly advising the Management Company of what arrangements have been made, for purposes of

managing counterparty risk where transactions in over-the-counter ("**OTC**") Financial Derivative Instruments ("**FDIs**") have been executed. Transactions in FDIs can only be executed with approved counterparties. Such transactions will at all times be governed by approved Group standard documentation such as a legally enforceable bilateral ISDA, and an accompanying Credit Support Annex ("**CSA**") where it has been agreed that collateral will form part of the transaction.

Assets received by the Company as collateral in the context of EPM techniques and in the context of OTC FDIs will comply with the following criteria at all times:

- a. Liquidity: any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received will also comply with the provisions of paragraph V of **Appendix II. "General Investment Restrictions"**.
- b. Valuation: eligible collateral, as determined is valued daily by an entity that is independent from the counterparty on a mark-to-market basis.
- c. Issuer credit quality: non cash collateral received is of high credit quality (at least A3 and A-).
- d. Haircut policy: haircuts will take into account the characteristics of the assets such as the credit standing or the price volatility. Assets that exhibit high price volatility will not be accepted by the Company as collateral unless suitably conservative haircuts are in place. Haircuts are reviewed by the Management Company on an ongoing basis to ensure that they remain appropriate for eligible collateral taking into account collateral quality, liquidity and price volatility. For cash collateral, no haircut will apply.
- e. Correlation: collateral received by the Company is issued by an entity that is independent from the counterparty or by one that is expected not to display a high correlation with the performance of the counterparty.
- f. Diversification: collateral received by the Company will remain sufficiently diversified such that no more than 20% of the net asset value of a Sub-Fund will be held in a basket of non-cash collateral (and reinvested collateral) with the same issuer.
- g. Enforceability: collateral received by the Company is capable of being fully enforced by the Company at any time without reference to or approval from the counterparty.
- h. Non-cash collateral received should not be sold, reinvested or pledged.
- i. Reinvestment of cash collateral: where received by the Company, reinvested cash collateral will remain

sufficiently diversified in accordance with the diversification requirements applicable to non-cash collateral and may only be:

- placed on deposit with credit institution having its registered office in a country which is a Member State or with a credit institution having its registered office in a third country provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in European Community law;
- invested in short-term money market funds as defined in Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds approved by the Management Company.

As of the date of the Prospectus, the Company only receives cash as collateral and cash collateral will not be reused.

- j. A Sub-Fund that receives collateral for at least 30% of its net assets will have an appropriate stress testing policy in place to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Company to assess the liquidity risk attached to the collateral.

This stress testing policy will:

- ensure appropriate calibration, certification and sensitivity analysis;
 - consider an empirical approach to impact assessment, including back-testing of liquidity risk estimates;
 - establish reporting frequency and limit/loss tolerance threshold/s; and
 - consider mitigation actions to reduce loss including haircut policy and gap risk protection.
- k. Other risks - other risks linked to the management of collateral, such as operational and legal risks, are identified, managed and mitigated by the risk management process.

Appendix IV. Additional Restrictions

i. Regulation in Hong Kong SAR

Although the Company is now authorised in Luxembourg as a UCITS under the 2010 Law and the Prospectus has been updated to incorporate new investment restrictions, for as long as the Company and the Sub-Funds remain authorised by the Securities and Futures Commission ("SFC") in Hong Kong SAR and unless otherwise approved by the SFC, the Management Company confirms its intention to operate the Sub-Funds authorised in Hong Kong SAR (other than the Sub-Funds exercising the wider derivatives powers as indicated in the relevant investment objective of such Sub-Funds) in accordance with the investment principles of chapter 7 of the Hong Kong SAR code on unit trusts and mutual funds and to comply with any other requirements or conditions imposed by the SFC in respect of the relevant Sub-Funds.

For as long as the Company and the Sub-Funds remain authorised by the SFC, the Management Company may not obtain a rebate on any fees or charges levied by an underlying scheme or its management company.

Unless otherwise indicated in the investment objective of a respective Sub-Fund Supplement, investments in China A-shares and B-shares dealt in on the stock exchanges in China (excluding Hong Kong SAR) shall not exceed 10% of the net asset value of the Sub-Fund (including indirect exposure.) At least one month' prior notice will be given to relevant Shareholders before any increase in exposure to China A-shares and B-shares can be made.

The net derivative exposure, as defined by the SFC, of each SFC authorised sub-fund will not exceed 50% of the respective Sub-Fund's net asset value.

ii. Rule 144A

The Sub-Funds may invest in Rule 144A Securities under the conditions that:

- such securities are either admitted to official listing on a Regulated Market or are dealt in on an Other Regulated Market which operates regularly and is recognised and open to the public;
- such securities respect Point 17 of "CESR's Guidelines concerning eligible assets for investment by UCITS", dated March 2007.

Investment in Rule 144A Securities, which would not comply with any of the above conditions, shall, together with the transferable securities eligible under section (2) below, not exceed 10% of the Sub-Fund's net asset value.

iii. US Commodities and Futures Trading Commission (CFTC)

Currently applies to.

In order for the abovementioned Sub-Funds to rely on an exemption under applicable CFTC rules, the following disclosure of information is required.

Pursuant to CFTC Rule 4.13(a) (3), the Management Company is exempt from registration with the CFTC as a commodity pool operator. Therefore, unlike a registered commodity pool operator, the Management Company is not required to deliver a disclosure document and a certified annual report to a shareholder in each of the Sub-Funds.

The Management Company qualifies for such exemption based on the following criteria:

1. The interests in the Sub-Fund are exempt from registration under the U.S. Securities Act of 1933, as amended (the "**1933 Act**") and are offered and sold without marketing to the public in the United States;
 2. The Sub-Fund meets the trading limitations of either CFTC Rule 4.13(a)(3)(ii)(A) or (B);
 2. The Management Company reasonably believes, at the time the investor makes his investment in the Sub-Fund (or at the time it began to rely on Rule 4.13(a)(3)), that each investor in the Sub-Fund is:
 - a. An "accredited investor," as defined in Rule 501(a) of Regulation D under the 1933 Act;
 - b. A trust that is not an accredited investor but that was formed by an accredited investor for the benefit of a family member;
 - c. A "knowledgeable employee," as defined in Rule 3c-5 under the U.S. Investment Company Act of 1940, as amended (the "**1940 Act**"); or
 - d. A "qualified eligible person," as defined in CFTC Rule 4.7(a) (2) (viii) (A).
- and
3. Shares in the Sub-Fund are not marketed as or in a vehicle for trading in the commodity futures or commodity options markets.

iv. Prohibited Securities

In accordance with the Luxembourg law of 4 June 2009 ratifying the Oslo Convention of 3 December 2008 relating to cluster munitions and HSBC Asset Management policy, the Company will not invest in the securities of companies considered to be involved in the development, production, use, maintenance, offering for sale, distribution, import or export, storage or transportation of weapons banned by international convention. The HSBC Asset Management policy as amended from time to time is available at:

www.assetmanagement.hsbc.com/about-us/responsible-investing/policies - select your location and then choose Policies and Disclosures.

This policy applies to direct investment in securities and the Investment Adviser will seek to apply it on an indirect basis when investing in UCITS and/or other Eligible UCIs.

Appendix V. Directory

Registered Office

4, rue Peternelchen, L-2370 Howald, Grand Duchy of Luxembourg

Board of Directors of the Company

- ◆ Anthony Jeffs
Director – Fund Boards (Chairman)
HSBC Global Asset Management Limited
8 Canada Square
London E14 5HQ
United Kingdom
- ◆ Carine Feipel
Independent Director
Luxembourg, Grand Duchy of Luxembourg
- ◆ Thuon Benjamin Lam
Independent Director
Senningerberg, Grand Duchy of Luxembourg
- ◆ Timothy Palmer
Independent Director
London, United Kingdom
- ◆ Matteo Pardi
Head of Wholesale Continental Europe, Partnerships
HSBC Global Asset Management (France)
Immeuble Coeur Défense - Tour A
110 Esplanade du Général de Gaulle - La Défense 4
75419 Paris Cedex 08
France
- ◆ Benoit Papillard, Chief Operating Officer
HSBC Global Asset Management (France)
Immeuble Coeur Défense - Tour A, 110 Esplanade du
Général de Gaulle - La Défense 4,
75419 Paris Cedex 08, France

Board of Directors of the Management Company

- ◆ Natasha Cork
Chief Risk and Compliance Officer (Chair)
HSBC Global Asset Management Limited
8 Canada Square
London E14 5HQ
United Kingdom
- ◆ Jon Griffin
Independent Director
Grand Duchy of Luxembourg
- ◆ Cecilia Lazzari
Chief Executive Officer
HSBC Investment Funds (Luxembourg) S.A.
18, Boulevard de Kockelscheuer
L - 1821 Luxembourg
Grand Duchy of Luxembourg

- ◆ Susanne Van Dootingh
Independent Director
Overrijse
Belgium
- ◆ Matteo Pardi
Head of Wholesale Continental Europe, Partnerships
HSBC Global Asset Management (France)
Immeuble Coeur Défense - Tour A
110 Esplanade du Général de Gaulle – La Défense 4,
75419 Paris Cedex 08, France
- ◆ Martha Fee-Callaghan
Chief Operating Officer and Head of Global Fund Services
HSBC Global Asset Management (UK) Limited
8 Canada Square, London E14 5HQ
United Kingdom

Distributors

Global Distributor
HSBC Investment Funds (Luxembourg) S.A.
18 Boulevard de Kockelscheuer,
L-1821 Luxembourg
Grand Duchy of Luxembourg

Austria and Eastern Europe
HSBC Global Asset Management (Deutschland) GmbH
Hansaallee 3
40549 Düsseldorf
Germany

Continental Europe
HSBC Global Asset Management (France)
Immeuble Coeur Défense - Tour A
110 Esplanade du Général de Gaulle - La Défense 4
75419 Paris Cedex 08
France

Hong Kong
HSBC Investment Funds (Hong Kong) Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

Malta
HSBC Global Asset Management (Malta) Ltd
Operations Centre
80 Mill Street
Qormi, QRM 3101
Malta

Singapore
HSBC Global Asset Management (Singapore) Limited
21 Collyer Quay
#06-01 HSBC Building
Singapore 049320
Singapore

United Kingdom Representative
HSBC Global Asset Management (UK) Limited
8 Canada Square
London E14 5HQ
United Kingdom

Uruguay
HSBC Bank (Uruguay) S.A.
Rincón 391
11000 Montevideo
Departamento de Montevideo
Uruguay

United States
HSBC Securities (USA) Inc.
452 Fifth Avenue
New York
NY 10018
United States of America

Service Providers

Depository Bank

HSBC Continental Europe, Luxembourg
18 Boulevard de Kockelscheuer
L-1821 Luxembourg
Grand Duchy of Luxembourg

Domiciliary Agent

ONE Corporate
4, rue Peternelchen
L-2370 Howald
Grand Duchy of Luxembourg

Administration Agent

HSBC Continental Europe, Luxembourg
18 Boulevard de Kockelscheuer
L-1821 Luxembourg
Grand Duchy of Luxembourg

Registrar and Transfer Agent

HSBC Continental Europe, Luxembourg
18, Boulevard de Kockelscheuer
L-1821 Luxembourg
Grand Duchy of Luxembourg

Paying Agents

Central Paying Agent

HSBC Continental Europe, Luxembourg
18 Boulevard de Kockelscheuer
L-1821 Luxembourg
Grand Duchy of Luxembourg

Paying Agent in Hong Kong

The Hong Kong and Shanghai Banking Corporation Limited
HSBC Main Building
1 Queen's Road, Central
Hong Kong SAR

Representative and Paying Agent in Poland

HSBC Continental Europe – Poland Branch
Kraków Business Park 200
Ul. Krakowska 280
32-080 Zabierzów
Poland

Paying Agent in Switzerland

HSBC Private Bank (Suisse) S.A.
Quai des Bergues 9-17
Case postale 2888
CH-1211 Geneva 1
Switzerland

Professional Firms

Auditors

PricewaterhouseCoopers Assurance, *société coopérative*
2, rue Gerhard Mercator B.P. 1443
L-1014 Luxembourg
Grand Duchy of Luxembourg

Legal Advisers

Elvinger Hoss Prussen, *société anonyme*
2, Place Winston Churchill
L-1340 Luxembourg
Grand Duchy of Luxembourg