

**Investor Reference:**

Dear

4 October 2021

I'm writing to provide you with an update on the **Global Property Fund** (the 'Fund') and provide information about potential future investments the Fund may make.

**Update on the Fund**

During the past 18 months, a number of fund managers have suspended dealing in funds that invest mainly in unlisted direct property (i.e. 'bricks and mortar'). The coronavirus pandemic created uncertainty around the valuation process for the properties that these funds invest in, which led to the suspensions. Most of these funds have since reopened, but some have opted to close and return cash to investors.

The Global Property Fund invests in a mix of listed property securities (such as Real Estate Investment Trusts) and unlisted direct property, although exposure to the latter is exclusively through investment in other funds. **We have maintained a high level of liquidity (liquidity being a measure of how easily investments can be traded) through a lower allocation to direct property and a higher allocation to listed property securities.** As a result, it has not been necessary for us to suspend dealing in the Fund. Therefore, investors have been able to continue to buy or sell shares in the Fund on a daily basis.

The Financial Conduct Authority (FCA), the UK financial services regulator, has proposed some changes to its rules that may affect how frequently investors can deal into or out of direct property funds (potentially changing from daily to monthly, quarterly or even longer). While it isn't certain if or when these rule changes will take effect, we intend to manage the Fund on the basis that investors will be able to continue to buy and sell shares in the Fund on a daily basis. In order to maintain this level of liquidity, we expect to continue managing the Fund with a lower allocation to direct property funds compared to the average weighting of the Fund to such investments since its launch in November 2007.

**Performance comparison**

Because we intend to continue managing the Fund with a lower allocation to direct property funds, we have also reviewed how we compare the performance of the Fund. Currently, the Fund's performance is compared to the sector averages of two Investment Association ('IA') sectors which are given equal weight: the IA UK Direct Property Sector and the IA Property Other Sector, which comprises mainly funds that invest in listed property securities.

**HSBC Global Asset Management (UK) Limited**  
Forum One, Parkway, Whiteley, Fareham PO15 7PA

*Registered in England number 1917956, Registered Office: 8 Canada, Square, London E14 5HQ.  
Authorised and regulated by the Financial Conduct Authority.*

From 1 December 2021 we will instead compare the performance of the Fund against a 20% weighting of the IA UK Direct Property Sector average and an 80% weighting of the IA Property Other Sector average. The Prospectus and Key Investor Information Documents (KIIDs) for the Fund will be updated to reflect this change from this date.

### **Future investments**

As part of our review of the future strategy of the Fund, we have also been considering the types of investment into which it may invest.

For example, the Fund currently has the power to invest in direct property funds that are only authorised to be sold to professional investors, although historically the Fund has not done so. We may look to allocate to this type of fund in future as an alternative way to gain exposure to direct property. These types of fund offer access to a wider range of investment strategies that may complement the Fund and have the potential to improve outcomes for investors.

These types of fund carry the same risks as other funds that invest in direct property, for example property can be more difficult to trade than bonds and equities. Whilst they offer less frequent dealing than is currently the case with retail direct property funds, we anticipate that the dealing frequency will be comparable with such funds if the change to dealing frequency proposed by the FCA is implemented. In the event that we do invest in these funds we would continue to carefully manage the overall liquidity of the Fund.

In summary, we intend to continue managing the Fund on the basis that investors will be able to buy and sell shares in the Fund on a daily basis. We will communicate further details regarding our future investment strategy in due course.

### **Further information**

If you have any questions about this letter, please contact us on 0800 358 3011\*. If you are unsure whether the Global Property Fund will continue to meet your needs, you should contact your financial adviser.

Yours sincerely



Jeff Webb  
Senior Product Manager  
HSBC Global Asset Management (UK) Limited

\* Lines are open 9.00 am to 5.00 pm Monday to Friday (excluding public holidays). To help us to continually improve our service and in the interest of security, we may monitor and/or record your communications with us.