



IMPORTANT INFORMATION ABOUT THE HSBC GILT & FIXED INTEREST FUND

We wrote to shareholders in the Gilt & Fixed Interest Fund (the “Fund”), a sub fund of HSBC Investment Funds Open-Ended Investment Company, on 7 May 2021 to provide notice of the proposed merger of the Fund into the UK Gilt Index Fund (the “Receiving Fund”), a sub fund of HSBC Index Tracker Investment Funds Open-Ended Investment Company.

The proposed merger was subject to the approval of shareholders in the Fund at an extraordinary general meeting, which took place at 11:00am on 26 May 2021. A majority of shareholders in the Fund voted in favour of the merger, therefore the merger will proceed as proposed on 11 June 2021.

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.*



7 May 2021

IMPORTANT INFORMATION ABOUT YOUR INVESTMENT IN THE HSBC GILT & FIXED INTEREST FUND

Dear Investor,
Account number:

We are writing to advise you of some changes we are proposing to the Gilt & Fixed Interest Fund (the "Fund"), a sub fund of HSBC Investment Funds Open-Ended Investment Company ("OEIC").

We are proposing the Gilt & Fixed Interest Fund should be merged, by way of a scheme of arrangement, into the UK Gilt Index Fund (the "Receiving Fund"), a sub fund of HSBC Index Tracker Investment Funds, which is also an authorised OEIC.

Why are we proposing this merger?

The Fund was launched in 1980 and invests at least 80% of its value in bonds issued by the UK government (gilts). Our first Assessment of Value Report, published on 30 October 2020, highlighted that the Fund did not deliver the good value our investors expect from us. Additionally, while the size of the Fund has remained relatively consistent during recent years and is currently valued at £52 million it has not increased in size significantly. We anticipate that this trend will continue in future as investors seek alternative funds, including funds that may offer lower charges. We are taking action to address this now by proposing the merger of the Fund into the Receiving Fund.

The Receiving Fund was launched in 2010 and invests in gilts. The Receiving Fund is currently valued at £154 million and has the potential to attract new investors seeking exposure to gilts through an investment solution with lower charges. Shareholders of the Fund will benefit from the lower overall charges of the Receiving Fund. However, the Fund will incur one-off transition costs for the realignment of the Fund prior to the merger, for example where we need to sell some assets and buy others. These costs will be borne by the Fund.

The risk rating (Risk and Reward Indicator) of the Fund and Receiving Fund are the same.

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.*

By completing the proposed merger by way of a scheme of arrangement this will not create a Capital Gains Tax liability for Shareholders.

Is the investment objective of the Fund the same as that of the Receiving Fund?

There are some differences between the investment objectives of the Fund and the Receiving Fund. The Fund's investment objective states that the Fund aims to provide higher returns (before charges and tax are deducted from the Fund) than the FTSE Actuaries UK Conventional Gilts All Stocks Index plus 0.75% per year, over three-year periods. The Receiving Fund's investment objective does not state this and does not refer to an outperformance target. The Receiving Fund's investment objective states that the Fund aims to provide income by tracking the performance of the FTSE Actuaries UK Conventional Gilts All Stocks Index (the "Index").

The enclosed question and answer booklet and the document containing the full proposal for the implementation of the scheme of arrangement provide a wider comparison of the Fund and the Receiving Fund.

Will the charges change following the merger?

Shareholders of the Fund will benefit from the lower overall charges of the Receiving Fund.

Who will pay the costs of the merger?

The costs of the merger, other than the realignment costs of the Fund, will be met by us. The Fund will incur one-off transition costs for the realignment of the Fund prior to the merger, for example where we need to sell some assets and buy others. These costs will be borne by the Fund.

We will seek to manage the changes as efficiently as possible in order to minimise the costs. The estimated transition costs amount to 0.05% of the value of the Fund, although in practice these costs will be dependent on market conditions.

Can I choose a different sub fund instead of the Receiving Fund?

Yes, you are able to switch to any other fund(s) we offer before or after the merger. Remember that if you choose to switch to another sub fund, this will be a disposal for Capital Gains Tax purposes. Please refer to the enclosed question and answer booklet for more information on tax treatment.

What do I need to do?

We need the approval of shareholders in the Fund before this merger can take place. We will, therefore, be holding an extraordinary general meeting of shareholders. Due to the extraordinary circumstances resulting from the ongoing COVID-19 public health crisis the meeting will be held in a virtual capacity via the internet. The meeting will be held at 11:00 a.m. on Wednesday 26 May 2021 through the Zoom video conferencing service, which will be treated as the venue for the meeting.

Voting will take place via proxy appointment of the chairperson only. You may send in your vote using the enclosed Proxy Form using the prepaid envelope provided. We must receive your Proxy Form by 11:00 a.m. on Monday 24 April 2021, for us to be able to count your vote. You may join the meeting virtually if you wish to do so, as set in the enclosed question and answer booklet, and the chairperson will take questions.

We recommend you read the enclosed question and answer booklet which provides a summary of the proposals and the document containing the full proposal for the implementation of the scheme of arrangement, which provide further information about the merger and a comparison of the Fund and the Receiving Fund.

Please note that, if approved, the scheme of arrangement will be binding on all shareholders in the Fund whether or not they voted in favour of the resolution to be proposed at the extraordinary general meeting (or whether they voted at all). If approved the merger will take place on Friday 11 June 2021. If the merger is not approved by Shareholders we will continue to manage the Fund in line with its current investment aims but we may consider other options, including closing the Fund.

You will find answers to the key questions in the enclosed documents. However, if you have any further questions or wish to know more about the merger process, please call us on 0800 358 3011*. We are unable to provide advice on the proposals, therefore if you are in any doubt as to the action you should take or if you are unsure whether the Receiving Fund will continue to meet your needs you should contact your financial adviser.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Jeff Webb', is positioned above a thin horizontal line.

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

* Line 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.

Gilt & Fixed Interest Fund

Merger of the Gilt & Fixed Interest Fund into the UK Gilt Index Fund.

Summary of proposals in the form of questions and answers



The proposed merger

We are proposing the Gilt & Fixed Interest Fund (the "Fund") should be merged, by way of a scheme of arrangement, into the UK Gilt Index Fund (the "Receiving Fund"), a sub fund of HSBC Index Tracker Investment Funds, which is also an authorised OEIC.

To help you understand why we wish to do this, we have produced this booklet which we hope will answer your questions. We also recommend that you read the proposal for the implementation of a scheme of arrangement (the "Circular") that accompanies this booklet.

Why are we proposing this merger?

The Fund was launched in 1980 and invests at least 80% of its value in bonds issued by the UK government (gilts). Our first Assessment of Value Report, published on 30 October 2020, highlighted that the Fund did not deliver the good value our investors expect from us. Additionally, while the size of the Fund has remained relatively consistent during recent years and is currently valued at £52 million it has not increased in size significantly. We anticipate that this trend will continue in future as investors seek alternative funds, including funds that may offer lower charges. We are taking action to address this now by proposing the merger of the Fund into the Receiving Fund.

The Receiving Fund was launched in 2010 and invests in gilts. The Receiving Fund is currently valued at £154 million and has the potential to attract new investors seeking exposure to gilts through an investment solution with lower charges.

Shareholders of the Fund will benefit from the lower overall charges of the Receiving Fund. However, the Fund will incur one-off transition costs for the realignment of the Fund prior to the merger, for example where we need to sell some assets and buy others. These costs will be borne by the Fund.

The risk rating (Risk and Reward Indicator) of the Fund and Receiving Fund are the same.

By completing the proposed merger by way of a scheme of arrangement this will not create a Capital Gains Tax liability for Shareholders.

How will the merger affect my investment?

On completion of the merger, which is subject to the approval of Shareholders, you will receive shares in the Receiving Fund in place of your shares in the Fund. Your investment will then be managed in accordance with the features of the Receiving Fund, including its investment objective and applicable charges.

A difference between the Fund and the Receiving Fund is that the Fund pays any interest distributions quarterly on 15 March, 15 June, 15 September and 15 December, in contrast to the Receiving Fund which makes any interest distributions quarterly on 15 January, 15 April, 15 July and 15 October.

How does the risk and reward indicator of the Fund compare to the Receiving Fund?

The Risk and Reward indicator rating shown on the Key Investor Information Documents is currently 4 for both the Fund and the Receiving Fund. The Risk and Reward indicator is based on price volatility over the last five years and is an indicator of absolute risk. The rating is scored on a scale of 1 to 7. A fund that scores a rating at the lower end of the scale would typically mean lower risk and lower returns, whereas a fund that scores a rating at the higher end of the scale would typically mean a higher risk and higher returns.

Historical data may not be a reliable indication for the future and it is not guaranteed that the Risk and Reward indicator rating will remain the same. You may wish to consider if the rating of the Receiving Fund still meets your needs.

Key Investor Information Documents for the Fund and the Receiving Fund are available in the Global Fund Centre at <http://www.assetmanagement.hsbc.com/uk>. Alternatively you can call the Fund Servicing Centre on 0800 358 3011 (+44 800 3583011 overseas). Lines are open from 9:00 am to 5:00 pm, Monday to Friday (excluding public holidays). To help us continually improve our service and in the interest of security, we may monitor and/or record your communications with us.

Will there be changes to the assets that the Fund invests in?

The Fund invests at least 80% of its value in bonds issued by the UK government (gilts) and employs an active style of management. Under this style of management, the fund manager selects the assets in which the Fund will invest. The Fund aims to provide higher returns (before charges and tax are deducted from the

HSBC Global Asset Management (UK) Limited

Forum One, Parkway, Whiteley PO15 7PA
Registered in England number 1917956, Registered Office: 8 Canada Square, London E14 5HQ.
Authorised and regulated by the Financial Conduct Authority.

Fund) than the FTSE Actuaries UK Conventional Gilts All Stocks Index plus 0.75% per year, over three-year periods. The Fund currently invests in 41 gilts and other bonds.

In contrast, the Receiving Fund uses a passive style of management. Under this style of management, the Receiving Fund aims to provide returns in line with the FTSE Actuaries UK Conventional Gilts All Stocks Index by seeking to invest in the gilts that comprise the index. This means that the returns of the Receiving Fund are expected to be in line with the index, whereas the Fund has the potential to provide higher returns than the index, although this is not guaranteed. The gilts that the Receiving Fund invests in are determined by the constituents of the Index rather than the fund manager. The Receiving Fund currently invests in 52 gilts.

The Fund's investment policy states that, subject to investing at least 80% of its value in gilts, it may invest in other bonds that have a credit rating the same or higher than that of the UK and are issued in sterling or hedged back to sterling. The bonds may be issued by governments and government-backed organisations which may be located anywhere in the world.

The Fund's investment policy also states that it may invest up to 5% of its value in other types of bonds including bonds with lower credit ratings, bonds issued by companies, convertible bonds and contingent convertible bonds.

The Receiving Fund's investment strategy states that it aims to invest in all of the gilts that make up the Index in the same or very similar proportions in which they are included in the Index. However, there may be circumstances when it is not possible or practical for the Receiving Fund to invest in all the gilts that make up the Index. The Fund may not invest in all the gilts of the Index to manage transaction costs or to reflect market conditions, regulations or HSBC's banned weapons policy.

The Fund has the power to use derivatives for efficient portfolio management ("EPM") (i.e. the reduction of risk, costs or to generate growth and income) as well for investment purposes (i.e. to help the fund meet its objective). The Receiving Fund in contrast will only use derivatives for EPM.

If Shareholder approval to merge is received, then the Fund will incur one-off transition costs for the realignment of the Fund prior to the merger, for example where we need to sell some assets and buy others. We will commence the transition activity following the Shareholder approval and will complete this before the date of the merger. The costs of such transition will be borne by the Fund. It is anticipated that the transition costs will amount to no more than 0.05% of the value of the Fund.

The current investment and borrowing powers of the Fund and the Receiving Fund are set out in Part 3 of Section 3 in the enclosed Circular.

Who will pay the costs of the merger?

The costs of the merger, other than the transition costs of the Fund mentioned above, will be met by us and not by the Fund itself.

Will the charges change?

The table below shows the Ongoing Charges Figures (OCF) for each share class:

Share Class	The Fund**	The Receiving Fund*
Retail Income	0.69%	N/A
Retail Accumulation	0.69%	0.31%
Income C	0.40%	0.13%
Accumulation C	0.40%	0.13%

*The ongoing charges information shown is as at 15 November 2020 for the Fund for the Receiving Fund.

**The OCF is estimated following changes to the charging structure on 1 October 2020

The OCF is based on actual expenses for the relevant accounting period. It covers all aspects of operating the fund during the year, including fees paid for investment management, administration and the independent oversight functions. Where the fund invests in other funds, the figure includes the impact of the charges made in those other funds. The OCF does not include payments Shareholders may make to a financial adviser or any other firm through which they invest; Shareholders will pay for these services directly.

Please see Part 2 of Section 3 of the Circular for a comparison of the Fund and the Receiving Fund including the charges information.

HSBC Global Asset Management (UK) Limited

Forum One, Parkway, Whiteley PO15 7PA
Registered in England number 1917956, Registered Office: 8 Canada Square, London E14 5HQ.
Authorised and regulated by the Financial Conduct Authority.

What type of shares will I receive?

On completion of the merger, in place of your existing shares, you will receive shares in the Receiving Fund.

Share Class that you hold in the Fund	Share Class your shares will be in the Receiving Fund
Retail Income	Income C
Retail Accumulation	Retail Accumulation
Income C	Income C
Accumulation C	Accumulation C

The number of New Shares you receive will be calculated using a conversion formula. You can find a full explanation of this on pages 12 to 13 of the enclosed Circular. The value of your shares in the Receiving Fund immediately following the merger will be the same as the value of your shares in the Fund immediately prior to the merger.

When will I know how many New Shares I have been allocated?

Within two weeks of the merger, we will send you a confirmation of the number of New Shares issued to you. No share certificates will be issued.

Alternatively, you can call us on the number in the enclosed letter from 9.00 a.m. on Monday 14 June 2021 to confirm the number of New Shares allocated.

Can I sell my shares in the Fund before the merger?

Yes, you may withdraw or switch your investment at any time, in the normal way, prior to 12:00 noon on Wednesday 9 June 2021.

When can I sell my shares in the Receiving Fund following the merger?

It is expected that withdrawals or switches of New Shares issued under the Scheme may be effected from 12.00 noon on Monday 14 June 2021.

Can I choose a different sub-fund instead of the Receiving Fund?

Yes, you are able to switch to any other fund(s) we offer before or after the merger, subject to meeting the required investment criteria. Remember that if you choose to switch to another sub-fund, this will be a disposal for Capital Gains Tax purposes.

What will happen to the Gilt & Fixed Interest Fund?

Subject to the approval of the Shareholders at the extraordinary general meeting, the Gilt & Fixed Interest Fund will be wound up.

Will my regular savings be affected by this?

If you currently have a direct debit for the Gilt & Fixed Interest Fund, you need do nothing as future direct debit payments will automatically go to the acquisition of new shares in the Receiving Fund. You can, however, cancel your direct debit at any time by written notice to your bank and us.

When will income be distributed?

If you hold Income Shares in the Fund, there will be a final distribution of income by the Fund within two months of the effective date of the Scheme. After that the distribution dates for the Receiving Fund will apply, which are 15 January, 15 April, 15 July, 15 October.

Will the merger affect the type of income I receive?

Any distributions of income from the Fund and the Receiving Fund are paid as interest.

Interest Distributions are paid without a deduction of income tax at source.

For UK Resident individual shareholders, a Personal Saving Allowance exempts from tax the first £1,000 (in tax year 2021/2022) of savings income for basic rate taxpayers and the first £500 (in tax year 2021/2022) for higher

rate taxpayers.

This allowance is not available for additional rate taxpayers. All UK taxpayers (including basic rate taxpayers) will therefore be liable to pay UK tax on an interest distribution made or treated as made by the Company, subject to the Personal Savings Allowance and, where applicable, the starting savings rate for savings.

Where a UK resident individual Shareholder holds Shares in an ISA the Shareholder will be exempt from income tax on Interest Distributions paid in respect of such Shares.

UK Resident Corporate Shareholders will be subject to corporation tax on the gross amount of the distribution or accumulation.

This information is intended as general guidance only and is based on our understanding and interpretation of current UK tax law which may change. Your tax liability will depend on your own individual circumstances, including the country in which you live. If you are unsure about the tax consequences of your investment, you should seek appropriate professional advice.

Will I have to pay any tax as a result of the merger?

As the Fund is being merged into the Receiving Fund by a scheme of arrangement, the sale of shares will not be a disposal for UK Capital Gains Tax purposes. However, when you come to sell your New Shares the price used to calculate your capital gains will be the price you originally paid for your shares in the Fund.

In view of this, you should ensure that you retain appropriate records of your original investment in the Fund.

If you are unsure about the tax consequences of your investment, you should seek appropriate professional advice.

What is the view of the regulator and the depositary?

The Financial Conduct Authority has confirmed by letter to Eversheds Sutherland (International) LLP, solicitors for the ACD in respect of the merger, that it approves the proposed alteration to the Fund for the purposes of section 21(3) of the OEIC Regulations. The Financial Conduct Authority has also confirmed that the receipt of assets by the Receiving Fund will not affect the ongoing authorisation of HSBC Index Tracker Investment Funds.

In accordance with normal market practice State Street Trustees Limited, the depositary for the Fund, while expressing no opinion on the merits or otherwise of the changes set out in this letter, has informed us that it has no objection to the changes.

Action to be taken

You are requested to complete the enclosed proxy form and return it to us, as soon as possible and, in any event, so that it arrives not later than 48 hours before the time appointed for the meeting. Return of a proxy form will not preclude you from attending the meeting if you are entitled to do so.

Please note that due to the extraordinary circumstances resulting from the ongoing COVID-19 public health crisis the meeting of Shareholders will be held in a virtual capacity via the internet. Voting will take place via proxy appointment of the chairperson only. Shareholders may join the meeting virtually if they wish to do so, as set out below, and the chairperson will take questions.

If you are uncertain as to how to respond to this document or if you are unsure whether the Receiving Fund will continue to meet your needs, you should consult your financial adviser. If you have any questions concerning the proposals, please contact us on the number in the enclosed letter.

How can I join the meeting of Shareholders?

The meeting will be held via the internet through the Zoom video conferencing service. You can join the meeting and any adjourned meeting through the Zoom application if you have this installed on your device (mobile phone, tablet, laptop or desktop computer) or through a supported web browser on your device. Alternatively, you can call into the meeting for audio only.

We ask that you join the meeting five minutes before the scheduled time of the meeting as the meeting will be locked shortly after it starts.

Join through the Zoom application:

HSBC Global Asset Management (UK) Limited
Forum One, Parkway, Whiteley PO15 7PA
Registered in England number 1917956, Registered Office: 8 Canada Square, London E14 5HQ.
Authorised and regulated by the Financial Conduct Authority.

Open the Zoom application on your device, click 'Join a Meeting' and when prompted enter the following Meeting ID number, followed by the Meeting Passcode:

Meeting ID: 992 6549 4597
Meeting Passcode: 826653

Join through a supported web browser:

Open the web browser, go to join.zoom.us, click 'Join a Meeting' and when prompted enter the following Meeting ID number, followed by the Meeting Passcode:

Meeting ID: 992 6549 4597
Meeting Passcode: 826653

Join by calling into the meeting for audio only:

Dial +44 208 080 6591 on your telephone and when prompted enter the following Meeting ID number followed by #. Then enter the Meeting Passcode:

Meeting ID: 992 6549 4597
Meeting Passcode: 826653

Where can I find more information about using the Zoom video conferencing service?

For support and information about using the Zoom video conferencing service on your device please visit support.zoom.us.

Key dates and actions for you to remember:

Last day for receipt of Proxy Forms	11:00 a.m. Monday 24 May 2021
Shareholders meeting takes place	11:00 a.m. Wednesday 26 May 2021
If Shareholder approval is received	
Effective Date	Friday 11 June 2021
A confirmation letter with the number of New Shares allocated will be sent to you	Before 25 June 2021

HSBC Global Asset Management (UK) Limited

Forum One, Parkway, Whiteley PO15 7PA
Registered in England number 1917956, Registered Office: 8 Canada Square, London E14 5HQ.
Authorised and regulated by the Financial Conduct Authority.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the contents of this document you should consult a person authorised under the Financial Services and Markets Act 2000 to advise on investments of the type referred to in this document, such as your stockbroker, solicitor, accountant or other financial adviser.

Gilt & Fixed Interest Fund (the “Fund”)

Proposal to implement a scheme of arrangement for the merger of the Gilt & Fixed Interest Fund, a sub-fund of HSBC Investment Funds, into the UK Gilt Index Fund, a sub-fund of HSBC Index Tracker Investment Funds.

This document contains a notice of an extraordinary general meeting of Shareholders (the “Notice”). Due to the extraordinary circumstances resulting from the ongoing COVID-19 public health crisis the meeting will be held in a virtual capacity via the internet. The meeting will be held at 11:00 a.m. on Wednesday 26 May 2021 through the Zoom video conferencing service, which will be treated as the venue for the meeting. For details of how to join the meeting please refer to page 7.

In order to vote at the meeting of Shareholders, Shareholders in the Gilt & Fixed Interest Fund are requested to complete and return the enclosed proxy form for the meeting of Shareholders, in accordance with the instructions thereon, so that it arrives not later than 48 hours before the time appointed for the meeting.

CONTENTS

	Page
DEFINITIONS	3
SUMMARY OF KEY DATES	6
HOW TO JOIN THE MEETING OF SHAREHOLDERS	7
SECTION 1 - Proposal to merge the Gilt & Fixed Interest Fund	8
SECTION 2 - Scheme of arrangement	11
SECTION 3 - Comparison of features	16
SECTION 4 - Consents and clearances	25
SECTION 5 - Procedure for the meeting of Shareholders	27
NOTICE OF MEETING OF SHAREHOLDERS OF THE GILT & FIXED INTEREST FUND	28

DEFINITIONS

"Accumulation Share"	means a type of share where the income earned by the Fund is retained in the Fund
"ACD"	means HSBC Global Asset Management (UK) Limited, the Authorised Corporate Director of the Company
"Administrator"	means Northern Trust Global Services SE, which is appointed by the ACD to administer the Funds on its behalf
"collective investment scheme"	means a fund that more than one person contributes to with the aim of increasing the value of their investments or receiving income from a pooled investment. A fund manager will invest the pooled money into one or more types of asset, such as stocks, bonds or property
"Company"	HSBC Investment Funds, an authorised open-ended investment company registered in England and Wales
"Depository"	State Street Trustees Limited, the depository of the Company
"EEA"	means the European Economic Area
"EEA UCITS"	means a collective investment scheme established in accordance with the UCITS Directive in the EEA
"Effective Date"	the effective date of the Scheme (which is expected to be Friday 11 June 2021 or such other date or dates as may be agreed between the ACD and the Depository) in accordance with paragraph 15 of the Scheme
"efficient portfolio management (EPM)"	means managing the Fund in a way that is designed to reduce risk or cost and/or generate income or growth
"Extraordinary Resolution"	a resolution passed by a majority of not less than 75% of the votes validly cast for and against the resolution at a general meeting
"FCA"	the Financial Conduct Authority
"FCA Rules"	means the rules laid down in the FCA Handbook, in particular the Collective Investment Schemes Sourcebook Instrument 2004 (COLL), as amended or replaced from time to time
"FSMA"	the Financial Services and Markets Act 2000
"Fund"	the Gilt & Fixed Interest Fund, a sub-fund of HSBC Investment Funds
"HSBC Index Tracker Investment Funds"	HSBC Index Tracker Investment Funds, an authorised open-ended investment company registered in England and Wales

"Income Share"	means a type of share where the income earned by the Fund is paid out to you
"Instrument of Incorporation"	the current instrument of incorporation of the Company and/or HSBC Index Tracker Investment Funds (as the context requires) which is the constitutional document, prepared and registered in accordance with the OEIC Regulations and the FCA Rules
"larger denomination Shares"	means any Share other than a smaller denomination Share
"New Shares"	Retail Accumulation, Income C and/or Accumulation C (as appropriate) in the Receiving Fund (including smaller denomination shares)
"OEIC"	open-ended investment company with variable capital
"OEIC Regulations"	the Open-Ended Investment Companies Regulations 2001 (as the same may be amended from time to time)
"Prospectus"	the current prospectus of the Company and/or HSBC Index Tracker Investment Funds, as the context requires, as amended from time to time
"Receiving Fund"	the UK Gilt Index Fund, a sub-fund of HSBC Index Tracker Investment Funds
"Regulations"	together the FCA Rules and the OEIC Regulations
"Retained Amount"	for the purpose of the Scheme, in relation to the Fund, an amount which is calculated by the ACD (after consultation with the auditor of the Fund) to be necessary to meet the actual and contingent liabilities (including distributable income, if any) of the Fund and which is to be retained by the Depositary of the Fund, for the purpose of discharging those liabilities
"Scheme"	the scheme of arrangement for the merger of the Fund into the Receiving Fund which is set out in Section 2
"Share" or "Shares"	Retail Income, Retail Accumulation, Income C and/or, Accumulation C (as appropriate) in the Fund (including smaller denomination Shares)
"Shareholder"	a holder of Shares, of whichever class, in the Fund
"smaller denomination shares"	means one hundredth of a larger denomination share (designed to deal with fractional entitlements to shares)
"Transferred Property"	for the purposes of the Scheme, in relation to the Fund, the scheme property, including receivables of the Fund less the Retained Amount
"UCITS"	means Undertaking for Collective Investment in Transferable Securities. This will include a UCITS scheme or an EEA UCITS scheme as defined in the FCA rules
"UCITS Directive"	means the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to

	undertakings for collective investment in transferable securities (UCITS)
"UCITS Scheme"	means a UK UCITS
"UK UCITS"	means, in accordance with sections 236A and 237 of the Act, a collective investment scheme which may consist of several sub-funds, which is either an authorised unit trust scheme, an authorised contractual scheme, or an authorised open-ended investment company, and has identified itself as a UCITS in its prospectus and has been authorised accordingly by the FCA
"UK UCITS Rules"	means the Collective Investment Schemes Sourcebook (COLL) and the Collective Investment Schemes (Amendment etc) (EU Exit) Regulations 2019 No.325 as amended or replaced from time to time
"Value"	means the value of the Fund or the Receiving Fund as the context requires, calculated in accordance with paragraph 7 of the Scheme

Summary of key dates for the Scheme

Record date for Shareholder voting, i.e. if you are not on the register of Shareholders on this date you will not be eligible to vote	Friday 30 April 2021
Documentation posted to Shareholders	Friday 7 May 2021
Proxy forms to be returned by	11:00 a.m. Monday 24 May 2021
Meeting of Shareholders	11:00 a.m. Wednesday 26 May 2021
Adjourned Meeting of Shareholders (if required)	11:00 a.m. Wednesday 2 June 2021
Last day of dealing in the Fund	Wednesday 9 June 2021
Effective Date	Friday 11 June 2021
First day of dealing in the Receiving Fund	Monday 14 June 2021
Final income distribution for income shares	Before 13 August 2021

In this section, and throughout the document, references to times refer to UK time, unless specifically stated otherwise. Please note that these times and dates may differ if we agree with the Depositary that the Effective Date is to be other than as set out above.

How to join the meeting of Shareholders

The meeting will be held via the internet through the Zoom video conferencing service. You can join the meeting and any adjourned meeting through the Zoom application if you have this installed on your device (mobile phone, tablet, laptop or desktop computer) or through a supported web browser on your device. Alternatively, you can call into the meeting for audio only.

We ask that you join the meeting five minutes before the scheduled time of the meeting as the meeting will be locked shortly after it starts.

Join through the Zoom application:

Open the Zoom application on your device, click 'Join a Meeting' and when prompted enter the following Meeting ID number, followed by the Meeting Passcode:

Meeting ID: 992 6549 4597
Meeting Passcode: 826653

Join through a supported web browser:

Open the web browser, go to join.zoom.us, click 'Join a Meeting' and when prompted enter the following Meeting ID number, followed by the Meeting Passcode:

Meeting ID: 992 6549 4597
Meeting Passcode: 826653

Join by calling into the meeting for audio only:

Dial +44 208 080 6591 on your telephone and when prompted enter the following Meeting ID number followed by #. Then enter the Meeting Passcode:

Meeting ID: 992 6549 4597
Meeting Passcode: 826653

SECTION 1

Proposal to merge the Gilt & Fixed Interest Fund into the UK Gilt Index Fund

ACD HSBC Global Asset Management (UK) Limited
8 Canada Square
London
E14 5HQ
(Authorised and regulated by the Financial Conduct Authority)

As ACD of HSBC Investment Funds (the “Company”), we are proposing that the Gilt & Fixed Interest Fund (the “Fund”) is merged, by way of a scheme of arrangement, with the UK Gilt Index Fund, a sub-fund of HSBC Index Tracker Investment Funds, which is also an authorised open-ended investment company (the “Receiving Fund”).

This document sets out the reasons for the merger, the procedures by which the merger will be effected and the implications for you as a Shareholder. The merger is subject to the approval of Shareholders, who will be asked to vote at a meeting of Shareholders. The notice convening the meeting of Shareholders is set out at the end of this document.

Your attention is drawn to the features and specific comparisons between the Fund and the Receiving Fund noted at Part 1 and Part 2 respectively of Section 3.

Reasons for the merger

The Fund was launched in 1980 and invests at least 80% of its value in bonds issued by the UK government (gilts). Our first Assessment of Value Report, published on 30 October 2020, highlighted that the Fund did not deliver the good value our investors expect from us. Additionally, while the size of the Fund has remained relatively consistent during recent years and is currently valued at £52 million, it has not increased in size significantly. We anticipate that this trend will continue in future as investors seek alternative funds, including funds that may offer lower charges. We are taking action to address this now by proposing the merger of the Fund into the Receiving Fund.

The Receiving Fund was launched in 2010 and invests in gilts. The Receiving Fund is currently valued at £154 million and has the potential to attract new investors seeking exposure to gilts through an investment solution with lower charges.

Shareholders of the Fund will benefit from the lower overall charges of the Receiving Fund. However, the Fund will incur one-off transition costs for the realignment of the Fund prior to the merger, for example where we need to sell some assets and buy others. These costs will be borne by the Fund.

The risk rating (Risk and Reward Indicator) of the Fund and Receiving Fund are the same.

By completing the proposed merger by way of a scheme of arrangement this will not create a Capital Gains Tax liability for Shareholders.

Investment aims of the Fund and the Receiving Fund

The Fund invests at least of 80% of its value in bonds issued by the UK government (gilts) and employs an active style of management. Under this style of management, the fund manager selects the assets in which the Fund will invest. The Fund aims to provide higher returns (before charges and tax are deducted from the Fund) than the FTSE Actuaries UK Conventional Gilts All Stocks Index plus 0.75% per year, over three-year periods. The Fund currently invests in 41 gilts and other bonds.

In contrast, the Receiving Fund uses a passive style of management. Under this style of management, the Receiving Fund aims to provide returns in line with the FTSE Actuaries UK

Conventional Gilts All Stocks Index by seeking to invest in the gilts that comprise the index. This means that the returns of the Receiving Fund are expected to be in line with the index, whereas the Fund has the potential to provide higher returns than the index, although this is not guaranteed. The gilts that the Receiving Fund invests in are determined by the constituents of the Index rather than the fund manager. The Receiving Fund currently invests in 52 gilts.

Some particular features to note are:

- The Receiving Fund's investment objective states that it aims to provide income. This is not stated in the investment objective of the Fund however the level of income currently payable from the Fund is comparable to the level currently payable from the Receiving Fund and any income accrued in the Receiving Fund can be accumulated or paid out. You should be aware that the amount of income payable can vary.
- The Fund's investment policy states that, subject to investing at least 80% of its value in gilts, it may invest in other bonds that have a credit rating the same or higher than that of the UK and are issued in sterling or hedged back to sterling. The bonds may be issued by governments and government-backed organisations which may be located anywhere in the world.

The Fund's investment policy also states that it may invest up to 5% of its value in other types of bonds including bonds with lower credit ratings, bonds issued by companies, convertible bonds and contingent convertible bonds.

The Receiving Fund's investment strategy states that it aims to invest in all of the gilts that make up the Index in the same or very similar proportions in which they are included in the Index. However, there may be circumstances when it is not possible or practical for the Receiving Fund to invest in all the gilts that make up the Index. The Fund may not invest in all the gilts of the Index to manage transaction costs or to reflect market conditions, regulations or HSBC's banned weapons policy.

- The Fund has the power to use derivatives for efficient portfolio management ("EPM") (i.e. the reduction of risk, costs or to generate growth and income) as well for investment purposes (i.e. to help the fund meet its objective). The Receiving Fund in contrast will only use derivatives for EPM.
- The ongoing charges figures (OCF) for the Fund are higher due to its active management style. The Receiving Fund has lower charges as a result of its passive management style. Further details can be found in Part 2 of Section 3.
- Both the Fund and Receiving Fund pay interest distributions. However, the Fund distributes any income quarterly on 15 March, 15 June, 15 September and 15 December, whereas the Receiving Fund distributes any income quarterly on 15 January, 15 April, 15 July and 15 October. Further details can be found in Part 2 of Section 3.

The full investment objective, policy and strategy of the Fund and the Receiving Fund is set out in Part 1 of Section 3.

The current investment and borrowing powers of the Fund and the Receiving Fund are set out in Part 3 of Section 3.

Risk and Reward Indicator of the Fund and the Receiving Fund

The Risk and Reward indicator rating shown on their respective Key Investor Information Documents is currently 4 for both the Fund and the Receiving Fund. The Risk and Reward indicator is based on price volatility over the last five years and is an indicator of absolute risk. The rating is scored on a scale of 1 to 7. A fund that scores a rating at the lower end of the scale would typically mean lower risk and lower returns, whereas a fund that scores a rating at the higher end of the scale would typically mean a higher risk and higher returns.

Historical data may not be a reliable indication for the future and it is not guaranteed that the Risk and Reward indicator rating will remain the same. You may wish to consider if the rating of the Receiving Fund still meets your needs.

Key Investor Information Documents for the Fund and the Receiving Fund are available in the Global Fund Centre at <http://www.assetmanagement.hsbc.com/uk>. Alternatively you can call the Fund Servicing Centre on 0800 358 3011 (+44 800 3583011 overseas) to obtain these documents or if you require any further information about the proposal. Lines are open from 9:00 am to 5:00 pm, Monday to Friday (excluding public holidays). To help us continually improve our service and in the interest of security, we may monitor and/or record your communications with us.

Further information

If the merger is approved, Shareholders will receive (as appropriate, depending on the Share Class you currently hold) Retail Accumulation, Income C and/or Accumulation C Shares in the Receiving Fund in exchange for Retail Income, Retail Accumulation, Income C and/or Accumulation C of the Fund. A comparison of the Fund and the Receiving Fund is summarised in Part 2 of Section 3.

If the merger is not approved by Shareholders we will continue to manage the Fund in line with its current investment aims but we will consider other options, including closing the Fund.

We are unable to provide advice on the proposals, therefore if you are in any doubt as to the action you should take or if you are unsure whether the Receiving Fund will continue to meet your needs you should contact your financial adviser.

This document outlines what will happen to the Fund if the merger is approved by Shareholders.

SECTION 2

Scheme of arrangement for the merger of the Gilt & Fixed Interest Fund (the “Fund”) into the UK Gilt Index Fund (the “Receiving Fund”)

1 Definition and interpretation

- 1.1 The definitions set out on pages 3 to 5 of this document apply to this Scheme.
- 1.2 References to paragraphs are to paragraphs of the Scheme set out in this Section.
- 1.3 If there is any conflict between the terms of the Scheme and the Prospectus or Instrument of Incorporation of HSBC Investment Funds, then the terms of the Scheme will prevail. If there is any conflict between the terms of the Scheme and the OEIC Regulations or the FCA Rules then the OEIC Regulations or the FCA Rules will prevail. We will advise if any such conflicts arise.

2 The proposed merger

We propose that the Gilt & Fixed Interest Fund be merged into the UK Gilt Index Fund.

3 Transition of the portfolio

To enable us to facilitate the proposed merger, between the date the Scheme is approved and the Effective Date, the assets held by the Fund will be transitioned (encashed or realigned) such that the scheme property will consist of assets that we deem appropriate to transfer to the UK Gilt Index Fund. We will aim to complete the transition of assets in an efficient manner and details of the costs of the transition are detailed in 13 below.

4 Approval of Shareholders

- 4.1 The merger of the Fund into the Receiving Fund is conditional on the passing of an Extraordinary Resolution at a meeting of Shareholders by which Shareholders approve the Scheme and authorise us and the Depositary to implement the proposed merger. The notice convening the meeting of Shareholders is set out on page 28 – “Notice of Meeting of Shareholders”. The procedure to be followed at the meeting of Shareholders is set out in Section 5 – “Procedure for the meeting of Shareholders”.
- 4.2 If approved by 75% or more (by value) of the Shareholders who vote, a merger under the Scheme will be binding on each Shareholder in the Fund, whether or not that Shareholder has voted in favour of it or voted at all, and the merger will be implemented as set out in the following paragraphs.

5 Suspension of dealings in the Fund

To facilitate the implementation of the merger under the Scheme, dealings in Shares will be suspended at 12:00 noon on Wednesday 9 June 2021. Deals received after 12:00 noon on Wednesday 9 June 2021 will not be actioned until the first day of dealing following the merger, which is expected to be Monday 14 June 2021.

6 Income allocation arrangements

- 6.1 The current accounting period of the Fund will end immediately before 12:00 noon on Friday 11 June 2021.
- 6.2 The income (if any) available for distribution in respect of the period from 16 April 2021 to the Effective Date accruing to Income Shares in the Fund will be allocated to Income Shares and transferred to the distribution account of the Fund. This income will be distributed to Shareholders within two months of the Effective Date, by the Depositary, on our instructions.

- 6.3 Income to be distributed to holders of Income Shares in the Fund will not be treated as forming part of the property of the Fund for the purposes of paragraph 8.
- 6.4 Any interest earned on such income, while held by the Depositary in the distribution account of the Fund, will be treated as the property of the Fund but will not increase the number of New Shares to be issued under the Scheme.
- 6.5 The income (if any) accumulated in respect of the period from 16 April 2021 to the Effective Date accruing to Accumulation Shares in the Fund shall be transferred to the capital account of the Fund and allocated to Accumulation Shares (being reflected in the value of those Accumulation Shares). This income so allocated shall be included in the value of the Fund, which is used to calculate the number of New Shares to be issued under the Scheme.
- 6.6 Any distributions in respect of the Fund which are unclaimed for a period of six months after the Effective Date, together with any unclaimed distributions in respect of previous accounting periods, will be held by the Depositary and will not form part of the property of the Receiving Fund. Should such distributions remain unclaimed for a period of six years they will be transferred by the Depositary and will become part of the property of the Receiving Fund.

7 Calculation of the value of the Fund and the Receiving Fund

- 7.1 The Value of the Fund shall be calculated in accordance with the Instrument of Incorporation of the Company as at 12:00 noon on the Effective Date, excluding the Retained Amount.
- 7.2 The Value of the Receiving Fund shall be calculated in accordance with the Instrument of Incorporation of HSBC Index Tracker Investment Funds as at 12:00 noon on the Effective Date.
- 7.3 These valuations will be used to calculate the number of New Shares to be issued to each Shareholder under paragraph 9.

8 Transfer of property and issue of New Shares in the Receiving Fund

- 8.1 As at and from 12:01 p.m. on the Effective Date, the Depositary will cease to hold the Transferred Property as Depositary of the Fund and will instead hold the Transferred Property as scheme property of the Receiving Fund, freed and discharged from the terms of the Instrument of Incorporation and the OEIC Regulations governing the Fund. The Depositary will make or ensure the making of any transfers or redesignations which may be necessary as a result of it ceasing to hold the Transferred Property as the depositary of the Fund. The Transferred Property will be full payment for the New Shares issued to Shareholders, who will be treated as exchanging their Shares for New Shares.
- 8.2 As at 12:01 p.m. on the Effective Date, we, as ACD of HSBC Index Tracker Investment Funds will issue New Shares to Shareholders who are registered at 12:00 noon on the Effective Date as holding Shares in the Fund.
- 8.3 All Shares in the Fund will be deemed to be cancelled and will cease to be of any value as at 12:01 p.m. on the Effective Date.

9 Basis for the issue of New Shares

- 9.1 As at 12:01 p.m. on the Effective Date, New Shares (including smaller denomination shares) will be issued to each Shareholder to the value of that Shareholder's individual entitlement of the value of the Transferred Property, as at 12:00 noon on the Effective Date.

- 9.2 The number of New Shares in each class to be issued under the Scheme will be calculated using the following formula:

$$\frac{A \times B}{C} = D$$

Where:

A is the price, calculated at 12:00 noon on the Effective Date, of one Share held by a Shareholder;

B is the number of Shares held by that Shareholder as at 12:00 noon on the Effective Date;

C is the price, calculated at 12:00 noon on the Effective Date, of one New Share to be issued under the Scheme;

D is the number of New Shares to be issued under the Scheme to the holder of Shares in the Fund by us.

The number of New Shares to be issued to each Shareholder will (if necessary) be rounded up to the nearest one-hundredth of a New Share at our expense.

- 9.3 New Shares will be issued pursuant to the Scheme even where such issue is for less than the value of the minimum holding of New Shares referred to in the Prospectus.

10 Notification of the New Shares issued under the Scheme

- 10.1 It is intended that we will dispatch notification of the number of New Shares issued to each Shareholder within two weeks after the Effective Date to their address appearing in the register of Shareholders of the Fund (or, in the case of joint Shareholders, at the address of the first named Shareholder) as at 12:00 noon on the Effective Date. "Address" is defined as being the address for correspondence in the register.
- 10.2 It is expected that transfers, redemptions or switches of New Shares issued under the Scheme may be effected from 12:00 noon on Monday 14 June 2021.
- 10.3 Shareholders can telephone the Helpline number advised in the accompanying letter from 9.00 a.m. on Monday 14 June 2021 onwards to confirm the number of New Shares allocated.

11 Mandates and other instructions in respect of New Shares

- 11.1 Mandates (other than standing orders) and other instructions (such as a direct debit for a regular savings plan) in force on the Effective Date in respect of Shares and/or any income allocated to those Shares will be deemed to be effective in respect of New Shares in the Receiving Fund issued under the Scheme and/or any income and in respect of other later acquired shares in the Receiving Fund. Shareholders may change these mandates or instructions at any time following the merger on written notice to us or their bank.
- 11.2 Where Shareholders are acquiring Shares in the Fund on a regular basis through a regular savings plan, the acquisition will in future be of New Shares in the Receiving Fund. Further acquisitions may be stopped at any time by written notice to your bank and to us.

12 Termination of the Fund

- 12.1 When the merger has been completed, we shall proceed to terminate the Fund in accordance with the OEIC Regulations.

- 12.2 The Retained Amount (which will be made up of cash and other assets, if necessary), and any income arising on it, will be used by the Depositary to pay outstanding liabilities of the Fund in accordance with the provisions of the Scheme and the FCA Rules.
- 12.3 If, on the completion of the termination, there are any surplus monies remaining in the Fund, they, together with any income arising therefrom, will be held by the Depositary, as the depositary of the Company, as scheme property attributable to the Receiving Fund. No further issue of New Shares shall be made as a result. The Depositary shall then cease to hold the Retained Amount in its capacity as depositary and shall be freed and discharged from the terms of the Instrument of Incorporation and the OEIC Regulations insofar as such terms relate to the Fund and shall make such transfers and redesignations as may be necessary as a result.
- 12.4 If the Retained Amount and any income arising from it is insufficient to discharge all the liabilities of the Fund, the shortfall shall be discharged by us or (if the Depositary is liable to meet such liabilities) we shall give the Depositary the necessary funds to discharge such liabilities unless we, in our capacity as ACD of the Receiving Fund, shall be satisfied and confirm to the Depositary that proper provision was made for meeting such liabilities of the Fund as were known or should reasonably have been anticipated at the Effective Date, in which case the amount of such undischarged liabilities shall be paid out of the property of the Receiving Fund in accordance with the FCA Rules.
- 12.5 On completion of the termination, we, as the ACD, and the Depositary will be discharged from all their obligations and liabilities in respect of the Fund, except those arising from any breach of duty before that time.

13 Charges and expenses

- 13.1 We will continue to receive our usual fees and expenses and the Depositary will continue to receive their usual fees and expenses for being ACD and Depositary respectively of the Fund out of the property of the Fund until the Effective Date.
- 13.2 All costs and expenses relating to the merger of the Fund under the terms of the Scheme will be borne by us, save for the portfolio realignment costs of the Fund as set out in 13.3 below. These include legal and printing costs, and the costs of preparing and implementing the merger of the Fund into the Receiving Fund, including:
 - 13.2.1 the costs of convening and holding the Shareholder meeting (and any adjourned meeting);
 - 13.2.2 the costs of terminating the Fund if the Scheme is approved;
 - 13.2.3 the fees and expenses of professional advisers (including, with our prior agreement, the legal fees of the Depositary, if any) payable in connection with the Scheme; and
 - 13.2.4 certain non-UK taxes, redesignation and registration fees and transaction costs which may arise in respect of the assets of the Fund as a result of the Scheme.

We shall not be entitled to make any initial charge in respect of the New Shares in the Receiving Fund created and issued pursuant to the Scheme.

- 13.3 The costs of portfolio realignment prior to the merger will be borne by the Fund. It is anticipated that these costs will amount to no more than 0.05% of the value of the Fund.

14 The ACD and the Depositary to rely on register and certificates

We, as the ACD and the Depositary shall each be entitled to assume that all information contained in the register of Shareholders of the Fund on and immediately prior to the Effective Date is correct, and to utilise the same in calculating the number of New Shares to be issued and registered pursuant to the Scheme. We may and the Depositary may each be entitled to act and rely upon any certificate, opinion, evidence or information furnished to it by the other or by its respective professional advisers or by the auditor of the Fund in connection with the Scheme, and shall not be liable or responsible for any resulting loss.

15 Alterations to the Scheme

- 15.1 Subject to the FCA confirming that the proposed merger will not affect the ongoing authorisation of the Company, we may agree with the Depositary that the Effective Date is to be other than Friday 11 June 2021 in which case such consequential adjustments may be made to the other elements in the timetable of the Scheme as we and the Depositary consider appropriate.
- 15.2 There may be circumstances beyond the control of either us or the Depositary which mean that it is not possible or practicable to effect the Scheme in relation to the Fund. In these circumstances, we will and the Depositary will, with the confirmation from the FCA, continue to operate the Fund until such time as it is practicable to effect the merger which will then be done on the terms of the Scheme with such consequential adjustments to the timetable as we and the Depositary consider appropriate.
- 15.3 The terms of the Scheme may be amended as agreed by us and the Depositary and confirmed by the FCA.

16 Governing law

The Scheme is governed by, and shall be construed in accordance with, the laws of England and Wales.

Dated: 7 May 2021

SECTION 3

Part 1 - Comparison of the specific features of the Fund and the Receiving Fund

	Gilt & Fixed Interest Fund	UK Gilt Index Fund
Structure	Sub-fund of an umbrella OEIC, a UK UCITS	Sub-fund of an umbrella OEIC, a UK UCITS
Investment Objective	The Fund aims to provide higher returns (before charges and tax are deducted from the Fund) than the FTSE Actuaries UK Conventional Gilts All Stocks Index plus 0.75% per year, over three-year periods.	The Fund aims to provide income by tracking the performance of the FTSE Actuaries UK Conventional Gilts All Stocks Index (the "Index").
Investment Policy	<p>To achieve its objective, the Fund will invest at least 95% of its value in bonds that have a credit rating the same or higher than that of the UK and are issued in sterling or hedged back to sterling. The bonds may be issued by governments and government-backed organisations which may be located anywhere in the world. The Fund will invest at least of 80% of its value in bonds issued by the UK government (gilts).</p> <p>The Fund may also invest up to 5% of its value in other types of bonds such as bonds with lower credit ratings, bonds issued by companies, convertible bonds, contingent convertible bonds and shares (equities) of companies arising from convertible bonds.</p> <p>The Fund may invest up to 10% of its value in collective investment schemes, which in turn invest in bonds and other assets. The collective investment schemes may be managed by the HSBC Group.</p> <p>The Fund may invest in money market instruments, deposits and cash to manage day-to-day cash flow requirements.</p> <p>The Fund may invest in derivatives for efficient portfolio management purposes, including hedging. This means investment techniques that aim to reduce risks, reduce costs or generate growth and income. The Fund may also use derivatives for broader investment purposes to help the Fund meet its objective. The use of derivatives will be consistent with the risk profile of the Fund.</p>	<p>To achieve its investment objective, the Fund will invest in gilts that make up the FTSE Actuaries UK Conventional Gilts All Stocks Index. ♦</p> <p>The Fund may also invest in the following assets which are not part of the Index:</p> <ul style="list-style-type: none"> • cash to manage day-to-day cash flow requirements; and • units or shares of collective investment schemes, including collective investment schemes managed or operated by the HSBC Group in order to manage day-to-day cash flow requirements. <p>The Fund may invest in derivatives for efficient portfolio management, including hedging, which means investment techniques that aim to reduce risks, reduce costs or generate growth and income. The Fund does not intend to use derivatives instrument extensively and their use will be consistent with the risk profile of the Fund.</p> <p>From time to time, the Fund may not invest in all of the securities in the Index.</p>
Investment Strategy	<p>The investment strategy of the fund incorporates both qualitative and quantitative fundamental analysis of the UK gilt market, with the aim of identifying investment opportunities related to the anticipated movement of UK gilt yields across all maturities.</p> <p>Use of benchmark</p> <p>The Fund is managed with reference to the FTSE Actuaries UK Conventional Gilts All Stocks Index. The fund manager aims to generate returns in excess of the FTSE Actuaries UK Conventional Gilts All Stocks Index plus 0.75% per year, over three-year periods, before charges and tax are deducted from the Fund. This is based on our current view of returns</p>	<p>Use of benchmark</p> <p>The Fund will invest in all of the gilts that make up the FTSE Actuaries UK Conventional Gilts All Stocks index in the same or very similar proportions in which they are included in the Index.</p> <p>However, from time to time, the Fund may not hold all of the securities that make up the Index in order to:</p> <ul style="list-style-type: none"> • manage the Fund's transaction costs; • maintain the Fund's characteristics during different market environments and differing levels of asset availability (i.e. poor liquidity); or

Investment Strategy (Continued)	<p>the Fund may potentially achieve, which may change. The fund manager is not limited to investing in bonds that are part of the FTSE Actuaries UK Conventional Gilts All Stocks Index.</p> <p>The FTSE Actuaries UK Conventional Gilts All Stocks Index is also considered as part of our investment risk monitoring process, to check that the overall level of risk taken by the fund manager is not inconsistent with the UK government bond (gilts) market.</p> <p>To enable investors to assess the performance of the Fund it is compared against the performance of the FTSE Actuaries UK Conventional Gilts All Stocks Index plus 0.75% per year, over three-year periods, before charges and tax are deducted from the Fund, where permitted by regulation. The performance of the Fund may also be shown against the performance of the Investment Association UK Gilts sector for comparison purposes only.</p> <p>The FTSE Actuaries UK Conventional Gilts All Stocks Index has been selected as a benchmark for performance and risk measurement because it is representative of the UK government bonds (gilts) in which the Fund may invest. The Investment Association UK Gilts sector has been selected as a benchmark for performance comparison because it consists of funds similar to the Fund. Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.</p> <p>Use of derivatives</p> <p>The Fund may invest in exchange traded and over-the-counter derivatives in accordance with Part C and Part D of Appendix 3. In particular, credit default swaps and credit default swap indices may be used to increase or reduce credit exposure and futures and interest rate swaps may be used with the aim of managing the Fund's overall duration.</p> <p>Currency forward contracts will be used with the aim of substantially hedging against movements in the rate of exchange between sterling and the currency in which the bonds and other assets may be denominated.</p>	<ul style="list-style-type: none"> • where there are investment restrictions due to regulations or other investment restrictions to which the ACD is bound. The investment restrictions are detailed in Part B of the Investment Powers and Restrictions section. <p>The Fund's performance is measured against the Index, because the Fund intends to track the performance of the Index.</p> <p>The Fund uses a tracking error to measure the consistency between the Fund's performance and the performance of the Index. In general, the lower the tracking error, the more consistent the Fund's performance is relative to the Index, and vice-versa.</p> <p>The anticipated tracking error for the Fund is expected to be up to 0.40%**.</p> <p>The anticipated tracking error for the Fund is not a guide to future performance. The difference in timing between the Fund Valuation (12 noon UK time) and the Index calculation (close of business) can impact on the tracking error.</p> <p>Use of derivatives</p> <p>The Fund may invest in exchange traded and over-the-counter derivatives in accordance with Part C and Part D of Appendix 3. In particular, exchange traded futures may be used with the aim of generating returns that are consistent with the Index in respect of income and cash flowing into the Fund.</p>
Investment Horizon	<p>Your investment is not guaranteed. The value of your investment, and any income from it, may fall as well as rise, and you may not get back the amount you invested. You should view this investment as a long term investment which means that you should usually plan to keep it for a period of at least five years.</p>	<p>Your investment is not guaranteed. The value of your investment, and any income from it, may fall as well as rise, and you may not get back the amount you invested. You should view this investment as a long term investment which means that you should usually plan to keep it for a period of at least five years.</p>
Use of Derivatives	<p>May be used for EPM and investment purposes.</p>	<p>May be used for EPM only.</p>
SRRI*	<p>4</p>	<p>4</p>
Share Classes Currently Offered	<p>Retail Income Retail Accumulation Income C Accumulation C</p>	<p>Retail Accumulation Institutional Income Income C Accumulation C</p>

		Income S Accumulation S
Risk Categories	General Cancellation Efficient Portfolio Management (EPM) and Counterparty Risk Leverage Risk Collateral Risk Fixed Income Securities Contingent Convertible Securities Geographical Concentration Suspension of Dealings Liabilities Banned Weapons Policy Derivatives	General Cancellation Efficient Portfolio Management (EPM) and Counterparty Risk Leverage Risk Collateral Risk Liquidity Currency Exchange Rates Index Tracking Suspension of Dealings Liabilities Fixed Income Securities Error in Calculation of Relevant Index Banned Weapons Policy
Initial Subscription	Retail Income £1,000 Retail Accumulation £1,000 Income C £1,000,000 Accumulation C £1,000,000	Retail Accumulation £1,000 Institutional Income £10,000,000 Income C £1,000,000 Accumulation C £1,000,000 Income S £10,000,000 Accumulation S £10,000,000
Minimum Additional Subscription	Retail Income £500 Retail Accumulation £500 Income C £500 Accumulation C £500	Retail Accumulation £500 Institutional Income £1,000,000 Income C £500 Accumulation C £500 Income S £1,000,000 Accumulation S £1,000,000
Minimum Redemption	Retail Income £100 Retail Accumulation £100 Income C None Accumulation C None	Retail Accumulation £100 Institutional Income None Income C None Accumulation C None Income S None Accumulation S None
Pricing	The Company deals on the basis of "single pricing". This means both the issue and the redemption price of a Share at a particular valuation point will be the same.	HSBC Index Tracker Investment Funds deals on the basis of "single pricing". This means both the issue and the redemption price of a Share at a particular valuation point will be the same.
Dealing day/ Valuation Point	Monday to Friday (except for, unless the ACD otherwise decides, the last Business Day before Christmas Day, a bank holiday in England and Wales, any other day on which the London Stock Exchange or its successor organisation is closed or any other day on which the stock exchanges and/or regulated markets in countries where a sub-fund of the Company is materially invested are closed for normal trading); and other days at the ACD's discretion.	Monday to Friday (except for, unless the ACD otherwise decides, the last Business Day before Christmas Day, a bank holiday in England and Wales or any other day on which the London Stock Exchange or its successor organisation is closed); and other days at the ACD's discretion.
Publication of Prices	The prices of Shares will be published on the ACD's website; www.assetmanagement.hsbc.com . Alternatively you can call the Fund Servicing Centre on 0800 358 3011 (international +44 (0)800 358 3011). Lines are open 9am to 5pm Monday to Friday (excluding public holidays). To help the ACD and the Administrator continually improve their services and in the interests of security, they may monitor and/or record your communications with them.	The prices of Shares will be published on the ACD's website; www.assetmanagement.hsbc.com . Alternatively you can call the Fund Servicing Centre on 0800 358 3011 (international +44 (0)800 358 3011). Lines are open 9am to 5pm Monday to Friday (excluding public holidays). To help the ACD and the Administrator continually improve their services and in the interests of security, they may monitor and/or record your communications with them.

* The SRRI rating is based on price volatility over the last five years and is an indicator of absolute risk. An SRRI is scored on a scale of 1 to 7. A fund that scores an SRRI at the lower end of the scale would typically mean lower risk and lower returns, whereas a fund that scores an SRRI at the higher end of the scale would typically mean a higher risk and higher returns. Historical data may not be a reliable indication for the future.

** This figure is an anticipated tracking error between the Fund and the index that it tracks. Historic tracking error information is published in the Annual Report and Accounts.

The Benchmark Regulation (BMR) applies principally to administrators and also, in some respects, to contributors and certain users of benchmarks which in certain circumstances can include investment funds such as the Fund and the Receiving Fund.

For a Benchmark to be used by an EU/EEA supervised entity which until 31 December 2020 included the Fund and the Receiving Fund, the BMR will among other things:

- require UK-based benchmark administrators to be authorised or registered by the FCA or, if located outside the UK in a Member State by the Member-State relevant competent authority.
- require benchmark administrators not located in a Member-State, to be approved via recognition or endorsement by the FCA or another Member-State competent authority, unless an equivalence decision has been made by the European Commission on the jurisdictions where the benchmark administrators are located. Indeed, the European Commission can declare the regulatory and supervisory frameworks in certain jurisdictions equivalent under Article 30 of the BMR. Third country benchmark administrators and benchmarks falling in scope of those equivalence decisions are not required to seek further approval to a Member-State competent authority. Administrators must submit their application by 31 December 2021.

The European Securities and Markets Authority (ESMA) maintains two official registers of approved benchmark administrators and approved third country benchmarks under BMR, however benchmark administrators may be taking advantage of transitional arrangements. The FCA also lists on its register the benchmark administrators it has authorised or registered.

The following Benchmark Administrator is located in the UK and authorised or registered by the FCA. It appears on the ESMA and FCA registers: FTSE International Limited

A plan has been adopted by the ACD to address the contingency of a benchmark changing materially or ceasing to be provided in accordance with the BMR.

For further information on the BMR please refer to the Prospectus.

Part 2 – Comparison of the specific features of the Fund and the Receiving Fund relative to your current Shares and the share class that you will receive under the Scheme.

	Gilt & Fixed Interest Fund		UK Gilt Index Fund	
Accounting Dates	15 January (annual) 15 July (interim)		15 May (annual) 15 November (interim)	
Income Distribution Dates	15 March, 15 June, 15 September, 15 December		15 January, 15 April, 15 July, 15 October	
Distributions Made	Interest		Interest	
Tax treatment of distributions	<p>Interest Distributions are paid without a deduction of income tax at source.</p> <p>For UK Resident individual shareholders, a Personal Saving Allowance exempts from tax the first £1,000 (in tax year 2021/2022) of savings income for basic rate taxpayers and the first £500 (in tax year 2021/2022) for higher rate taxpayers.</p> <p>This allowance is not available for additional rate taxpayers. All UK taxpayers (including basic rate taxpayers) will therefore be liable to pay UK tax on an interest distribution made or treated as made by the Company, subject to the Personal Savings Allowance and, where applicable, the starting savings rate for savings.</p> <p>Where a UK resident individual Shareholder holds Shares in an ISA the Shareholder will be exempt from income tax on Interest Distributions paid in respect of such Shares.</p> <p>UK Resident Corporate Shareholders will be subject to corporation tax on the gross amount of the distribution or accumulation.</p>		<p>Interest Distributions are paid without a deduction of income tax at source.</p> <p>For UK Resident individual shareholders, a Personal Saving Allowance exempts from tax the first £1,000 (in tax year 2021/2022) of savings income for basic rate taxpayers and the first £500 (in tax year 2021/2022) for higher rate taxpayers.</p> <p>This allowance is not available for additional rate taxpayers. All UK taxpayers (including basic rate taxpayers) will therefore be liable to pay UK tax on an interest distribution made or treated as made by the Company, subject to the Personal Savings Allowance and, where applicable, the starting savings rate for savings.</p> <p>Where a UK resident individual Shareholder holds Shares in an ISA the Shareholder will be exempt from income tax on Interest Distributions paid in respect of such Shares.</p> <p>UK Resident Corporate Shareholders will be subject to corporation tax on the gross amount of the distribution or accumulation.</p>	
Annual Management Charge	Retail Income	0.65%	Retail Accumulation	0.25%
	Retail Accumulation	0.65%	Income C	0.10%
	Income C	0.35%	Accumulation C	0.10%
	Accumulation C	0.35%		
Initial Charge	Retail Income	0.00%	Retail Accumulation	0.00%
	Retail Accumulation	0.00%	Income C	0.00%
	Income C	0.00%	Accumulation C	0.00%
	Accumulation C	0.00%		
Ongoing Charges Figure *	Retail Income	0.69%***	Retail Accumulation	0.31%
	Retail Accumulation	0.69%***	Income C	0.13%
	Income C	0.40%***	Accumulation C	0.13%
	Accumulation C	0.40%***		
Redemption Charge	N/A		N/A	
Charges taken from capital or income	Income		Income	
Dealing Days/ Valuation Points	Monday to Friday (public holidays excepted), 12:00 noon		Monday to Friday (public holidays excepted), 12:00 noon	
Charges and expenses payable out of the scheme property	Details of all other charges, fees and expenses such as custody, transaction, FCA, audit fees, general taxation and duties (including stamp duty reserve tax (if any)) are contained in the HSBC Investment Funds Prospectus which is available free of charge from us.		Details of all other charges, fees and expenses such as custody, transaction, FCA, audit fees, general taxation and duties (including stamp duty reserve tax (if any)) are contained in the HSBC Index Tracker Investment Funds Prospectus which is available free of charge from us.	

Pricing	Forward pricing on a daily basis.	Forward pricing on a daily basis.
Publication of Prices	The prices of shares will be published on www.assetmanagement.hsbc.com or you can call the Fund servicing centre on 0800 358 3011 (+44 800 3583011 overseas). Lines are open from 9 am to 5 pm, Monday to Friday (excluding public holidays). To help us continually improve our service, and in the interests of security, we may monitor and/or record your communications with it.	The prices of shares will be published on www.assetmanagement.hsbc.com or you can call the Fund servicing centre on 0800 358 3011 (+44 800 3583011 overseas). Lines are open from 9 am to 5 pm, Monday to Friday (excluding public holidays). To help us continually improve our service, and in the interests of security, we may monitor and/or record your communications with it.
Switching	Switches between sub-funds are usually free of charge.	Switches between sub-funds are usually free of charge.
Conversions	Shareholders are entitled (subject to certain restrictions) to convert all or part of their Shares in a Class for Shares of another Class within the same Fund. We do not propose to charge a fee for conversions.	Shareholders are entitled (subject to certain restrictions) to convert all or part of their Shares in a Class for Shares of another Class within the same Fund. We do not propose to charge a fee for conversions.
Authorised Corporate Director	HSBC Global Asset Management (UK) Limited	HSBC Global Asset Management (UK) Limited
Depository	State Street Trustees Limited	State Street Trustees Limited
Auditor	KPMG LLP	KPMG LLP
Dealing	Shareholders can buy or redeem Shares by contacting us in writing or by telephone. Deals can be placed either direct or through your professional adviser or other intermediary.	Shareholders can buy or redeem New Shares by contacting us in writing or by telephone. Deals can be placed either direct or through your professional adviser or other intermediary.
Publication of Reports	4 months after annual accounting reference date (15 January) and 2 months after half-yearly accounting reference date (15 July).	4 months after annual accounting reference date (15 May) and 2 months after half-yearly accounting reference date (15 November).
Eligible for ISA investment	Yes**	Yes**
Size as at 27/04/2021	£ 52,134,961	£ 154,340,154

* The Ongoing Charges Figure (OCF) is based on actual expenses for the relevant accounting period. It covers all aspects of operating the fund during the year, including fees paid for investment management, administration and the independent oversight functions. Where the fund invests in other funds, the figure includes the impact of the charges made in those other funds. The OCF does not include payments Shareholders may make to a financial adviser or any other firm through which they invest; Shareholders will pay for these services directly. However, please note that in the shorter term, the effect of the reduction to the OCF will be off-set by the one-off realignment costs shown in Section 13.3.

** ISA Managers should satisfy themselves that the Receiving Fund is eligible for ISA investment.

***The OCF is estimated following changes to the charging structure on 1 October 2020

Part 3 – Comparison of the Investment and Borrowing Powers for the Fund and the Receiving Fund

Investment & borrowing powers of the Gilt & Fixed Interest Fund (“the Fund”)	Investment & borrowing powers of the UK Gilt Index Fund (“the Receiving Fund”)
<p>The property of the Fund will be invested with the aim of providing a prudent spread of risk and achieving the investment objective and policy of the Fund but subject to the limits set out in the FCA Rules and the Prospectus of HSBC Investment Funds. The limits that apply to the Fund are as set out below.</p> <p>Transferable securities: Permitted. Can be invested, with no upper limit, in transferable securities listed on an eligible securities market or an eligible derivatives market or those which meet certain other criteria as laid down in the FCA Rules.</p> <p>Not more than 5% of the value of the property of the Fund may normally be invested in transferable securities issued by a single body, but this limit may be increased to 10% of such value, provided that the total value of all those investments exceeding the 5% limit does not exceed 40% of the value of the property of the Fund.</p> <p>Transferable securities which are not approved securities: Permitted. Can invest not more than 10% of the value of the property of the Fund in transferable securities which are not approved securities.</p> <p>Money Market Instruments: Permitted. Not more than 5% of the value of the property of the Fund may normally be invested in money market instruments issued by a single body, but this limit may be increased to 10% of such value, provided that the total value of all those investments exceeding the 5% limit does not exceed 40% of the value of the property of the Fund.</p> <p>Money Market Instruments which are not approved instruments: Permitted. Not more than 10% in value of the property of the Fund may consist of money market instruments which are not liquid with a value that can be determined accurately at any time.</p> <p>Covered Bonds: Permitted. The total value of covered bonds held in the Fund must not exceed 80% of the value of the Fund.</p> <p>Transferable securities or approved money-market instruments issued or guaranteed by a single state, local authority or public international body: Permitted. More than 35% in value of the Fund may be invested in transferable securities or approved money-market instruments issued or guaranteed by or on behalf of the Government of the United Kingdom provided that if more than 35% of the value of the Fund is so invested, the securities of at least six different issues shall be held and no holding of a single issue shall represent more than 30% in value of the Fund. The Fund currently invests more than 35% of its total value in UK Government securities.</p>	<p>The property of the Receiving Fund will be invested with the aim of providing a prudent spread of risk and achieving the investment objective and policy of the Receiving Fund but subject to the limits set out in the FCA Rules and the Prospectus of HSBC Index Tracker Investment Funds. The limits that apply to the Receiving Fund are as set out below.</p> <p>Transferable securities: Permitted. Can be invested, with no upper limit, in transferable securities listed on an eligible securities market or an eligible derivatives market or those which meet certain other criteria as laid down in the FCA Rules.</p> <p>Not more than 5% of the value of the property of the Receiving Fund may normally be invested in transferable securities issued by a single body, but this limit may be increased to 10% of such value, provided that the total value of all those investments exceeding the 5% limit does not exceed 40% of the value of the property of the Fund.</p> <p>Where the investment policy of a Fund is to replicate the composition of a relevant index, the Receiving Fund may invest up to 20% of the value of the property of the Receiving Fund in shares and debentures which are issued by the same body. In some exceptional market conditions, including but not limited to circumstances in regulated markets where certain transferable securities or money market instruments are highly dominant or a merger between two large companies that are components of an index, the Receiving Fund may invest up to 35% in one single constituent of the relevant index. A relevant index must be a representative benchmark for the market and the index must be published in an appropriate manner.</p> <p>Transferable securities which are not approved securities: Permitted. Can invest not more than 10% of the value of the property of the Fund in transferable securities which are not approved securities.</p> <p>Money Market Instruments: Not permitted.</p> <p>Money Market Instruments which are not approved instruments: Not permitted.</p> <p>Covered Bonds: Not permitted.</p> <p>Transferable securities or approved money-market instruments issued or guaranteed by a single state, local authority or public international body: Permitted. More than 35% in value of the Fund may be invested in transferable securities or approved money-market instruments guaranteed or issued by or on behalf of the Government of the United Kingdom</p>

Investment & borrowing powers of the Gilt & Fixed Interest Fund ("the Fund")	Investment & borrowing powers of the UK Gilt Index Fund ("the Receiving Fund")
<p>Investment in other Collective Investment Schemes: Permitted. The Fund may invest up to 10% in units or shares in regulated collective investment schemes. Where investment is made into collective investment schemes, such schemes must have terms which prohibit investment of more than 10% of the scheme property into other collective investment schemes.</p> <p>Investment in collective investment schemes of the ACD or an Associate of the ACD: Permitted. The Fund may invest in or dispose of shares in another fund of HSBC Investment Funds provided that the second fund does not hold shares in any other fund of HSBC Investment Funds. Where investment is made in another fund of HSBC Investment Funds or another collective investment scheme managed or operated by the ACD or an associate of the ACD such investment can only be made provided that the FCA Rules relating to investment in other group schemes are complied with.</p> <p>Warrants: Permitted. Up to 5% of the value of the property of the Fund can be invested in warrants.</p> <p>Cash or near cash: Permitted. This will be held only where the ACD reasonably regards it as necessary to enable the pursuit of the Fund's investment objectives, for shares to be redeemed or for the efficient management of the Fund in accordance with its investment objectives or for other purposes which may reasonably be regarded as ancillary to the investment objectives of the Fund.</p> <p>Efficient Portfolio Management (EPM): Permitted. The Fund may use financial derivative instruments for the purposes of EPM including hedging.</p> <p>Derivatives: Can be used for the purposes of EPM and investment purposes.</p> <p>Leverage: Permitted. May occur as a result of transactions carried out for the purposes of EPM and borrowing, will also occur where money is borrowed by the Fund. The only types and sources of leverage permitted are derivatives and bank borrowings. The total value for all equity and equity futures positions, bond and bond futures positions must not exceed 100% of the net assets of the Fund.</p> <p>Immovables: Not permitted. There is no intention for HSBC Investment Funds to have an interest in any immovable property.</p> <p>Gold: Not permitted.</p> <p>Deposits: Permitted. Not more than 20% in value of the property of the Fund may consist of deposits with a single body.</p>	<p>provided that if more than 35% of the value of the Fund is so invested, the securities of at least six different issues shall be held and no holding of a single issue shall represent more than 30% in value of the Fund. The Fund currently invests more than 35% of its total value in UK Government securities.</p> <p>Investment in other Collective Investment Schemes: Permitted. The Receiving Fund may invest up to 5% in units or shares in regulated collective investment schemes. Where investment is made into collective investment schemes, such schemes must have terms which prohibit investment of more than 10% of the scheme property into other collective investment schemes.</p> <p>Investment in collective investment schemes of the ACD or an Associate of the ACD: Permitted. The Receiving Fund may invest in or dispose of shares in another fund of HSBC Index Tracker Investment Funds provided that the second fund does not hold shares in any other fund of HSBC Index Tracker Investment Funds. Where investment is made in another fund of HSBC Index Tracker Investment Funds or another collective investment scheme managed or operated by the ACD or an associate of the ACD such investment can only be made provided that the FCA Rules relating to investment in other group schemes are complied with.</p> <p>Warrants: Permitted. Up to 5% of the value of the property of the Receiving Fund can be invested in warrants.</p> <p>Cash or near cash: Permitted. This will be held only where the ACD reasonably regards it as necessary to enable the pursuit of the Receiving Fund's investment objectives, for shares to be redeemed or for the efficient management of the Receiving Fund in accordance with its investment objectives or for other purposes which may reasonably be regarded as ancillary to the investment objectives of the Receiving Fund.</p> <p>Efficient Portfolio Management (EPM): Permitted. The Receiving Fund may use financial derivative instruments for the purposes of EPM including hedging.</p> <p>Derivatives: Can be used for the purposes of EPM only.</p> <p>Leverage: Permitted. May occur as a result of transactions carried out for the purposes of EPM and borrowing, will also occur where money is borrowed by the Receiving Fund. The only types and sources of leverage permitted are derivatives and bank borrowings. The total value for all equity and equity futures positions, bond and bond futures positions must not exceed 100% of the net assets of the Receiving Fund.</p> <p>Immovables:</p>

Investment & borrowing powers of the Gilt & Fixed Interest Fund ("the Fund")	Investment & borrowing powers of the UK Gilt Index Fund ("the Receiving Fund")
<p>Stocklending: Permitted. However, HSBC Investment Funds has ceased undertaking any stocklending transactions in respect of the Fund although it may recommence its stocklending program at any time subject to the Prospectus being updated accordingly.</p> <p>Underwriting: Permitted.</p> <p>Borrowing: Must not exceed 10% of the value of the property of the Fund in any one day and must not exceed a period of three months.</p>	<p>Not permitted. There is no intention for HSBC Index Tracker Investment Funds to have an interest in any immovable property.</p> <p>Gold: Not permitted.</p> <p>Deposits: Not permitted.</p> <p>Stocklending: Permitted. However, HSBC Index Tracker Investment Funds has ceased undertaking any stocklending transactions in respect of the Receiving Fund although it may recommence its stocklending program at any time subject to the Prospectus being updated accordingly.</p> <p>Underwriting: Permitted.</p> <p>Borrowing: Must not exceed 10% of the value of the property of the Receiving Fund in any one day and must not exceed a period of three months.</p>

Notes:

- **"eligible securities market / eligible derivatives market"**
A full list of the eligible securities and derivatives markets are provided within the Prospectus.
- **"Permitted"**
Can be invested in without specific upper limit although there may be other limits
- **"Not Permitted"**
Not available for investment
- **"%"**
An upper limit although there may be other limits
- **"EPM"**
Permitted in the context of efficient portfolio management. EPM is an investment technique whereby derivatives are used to achieve one or more of the following in respect of the Scheme/Fund: reduce risk, reduce costs and/or generate additional capital or income with an acceptably low level of risk.

SECTION 4

Consents and clearances

1 The Authorised Corporate Director

We confirm that, in our opinion, when the Scheme is implemented it is not likely to result in any material prejudice to the interests of shareholders that held any other sub-fund of the Company.

We confirm that, in our opinion, the receipt of property under the Scheme by the Receiving Fund is not likely to result in any material prejudice to the interests of shareholders in the Receiving Fund, is consistent with the objectives of the Receiving Fund and can be effected without any breach of Chapter 5 of the FCA Rules.

2 The Depositary

In accordance with normal market practice, the Depositary, whilst expressing no opinion on the merits or demerits of the proposals set out in this document and not having been responsible for the preparation of this document and any accompanying documents and not offering any opinion on the fairness or merits of the proposals as such, has informed us by letter that it has no objection to the proposals being placed before Shareholders for their consideration and that it consents to the references made to it in this document in the form and context in which they appear. Whether to vote for or against the Extraordinary Resolution is a matter for each Shareholder's judgement and the confirmation is, therefore, not a recommendation as to the manner in which you should vote.

3 The Financial Conduct Authority

The Financial Conduct Authority has confirmed by letter to Eversheds Sutherland (International) LLP, solicitors for the ACD in respect of the merger, that it approves the proposed alteration to the Fund for the purposes of section 21(3) of the OEIC Regulations. The Financial Conduct Authority has also confirmed that the receipt of assets by the Receiving Fund will not affect the ongoing authorisation of HSBC Index Tracker Investment Funds.

4 UK Tax Clearances

The information given in this section is based on our understanding of current UK legislation and HM Revenue & Customs practice (which may change with retrospective effect) in force at the time of printing and does not constitute legal or tax advice. Shareholders uncertain of their tax position should take appropriate professional advice.

On the basis of the current application of UK capital gains tax legislation by HM Revenue & Customs it is understood that the Scheme will not in itself result in a disposal of the Shares for UK capital gains tax purposes, but will be treated as a scheme of amalgamation of the Fund into the Receiving Fund under section 701 Income Tax Act 2007, section 748 Corporation Tax Act 2010 and section 138 Taxation of Chargeable Gains Act 1992. As a result, the New Shares issued as a consequence of the Scheme will be treated as exchanged for the Shares currently held. Therefore for UK capital gains tax purposes, the New Shares issued will be treated as acquired on the same date and for the same aggregate consideration as the original Shares. Hence when in due course the Shareholders dispose of the New Shares issued pursuant to the Scheme, they should be deemed to have acquired these at the time, and for the price at which, they acquired their original Shares for UK capital gains tax purposes.

Documents received by Shareholders relating to the New Shares, including the original contract notes, should be retained for your tax records.

5 Documents available for inspection

Copies of the following documents are available for inspection upon request from HSBC Global Asset Management (UK) Limited up to and including Wednesday 26 May 2021 (or up to and including the date of any adjourned meeting):

- 5.1 the Prospectus of HSBC Investment Funds;
- 5.2 the Prospectus in respect of HSBC Index Tracker Investment Funds and the material contracts referred to in that Prospectus;
- 5.3 the Key Investor Information Documents in respect of the Fund and the Receiving Fund;
- 5.4 the Instrument of Incorporation of HSBC Investment Funds;
- 5.5 the Instrument of Incorporation of HSBC Index Tracker Investment Funds;
- 5.6 The following letters referred to under 2, 3 and 4 above:
 - 5.6.1 the letter from State Street Trustees Limited in its capacity as depositary;
 - 5.6.2 the letter from the FCA; and
 - 5.6.3 the letter from HM Revenue & Customs;
- 5.7 the OEIC Regulations and the FCA Rules;
- 5.8 the most recent annual and half-yearly report and accounts of HSBC Investment Funds;
- 5.9 the most recent annual and half-yearly report and accounts of HSBC Index Tracker Investment Funds.

SECTION 5

Procedure for the meeting of Shareholders

Please note that due to the extraordinary circumstances resulting from the ongoing COVID-19 public health crisis the meeting of Shareholders will be held in a virtual capacity via the internet. Voting will take place via proxy appointment of the chairperson only. Shareholders may join the meeting virtually if they wish to do so, as set out on page 7 of this document, and the chairperson will take questions only.

The Notice convening the meeting of holders of Shares in the Fund is contained on page 28 and sets out the Extraordinary Resolution to vote upon.

The resolution will be proposed as an "Extraordinary Resolution" and must be carried by a majority in favour of not less than 75% of the total votes cast at the meeting. The required quorum at the relevant meeting is two Shareholders present by proxy or, in the case of a body corporate, by a duly authorised representative (Shares held or deemed to be held by the ACD are regarded as being in issue for this purpose in the circumstances described below). If a quorum is not present within 15 minutes from the time appointed for the meeting, the meeting will be adjourned to a day and time which is not less than 7 nor more than 28 days after the day and time of the meeting and to a place appointed by the chairperson. At the adjourned meeting, if a quorum is not present within 15 minutes from the time appointed for the meeting, then one person present by proxy at the meeting and entitled to be counted in a quorum will constitute a quorum.

The ACD is entitled to receive notice of and attend the meetings of Shareholders but is not entitled to vote or be counted in the quorum except in relation to Shares which it holds on behalf of or jointly with a person who, if himself the registered holder, would be entitled to vote and from whom it has received voting instructions. Any associate of the ACD may be counted in the quorum but no associate, other than an associate which holds Shares on behalf of or jointly with a person who, if himself the registered holder, would be entitled to vote, and from whom it has received voting instructions, is entitled to vote.

In view of the quorum requirements at the meeting of Shareholders, and in order to avoid an adjournment, you are requested to complete the enclosed proxy form and return it to the ACD, as soon as possible and, in any event, so that it arrives not later than 48 hours before the time appointed for the meeting. A proxy form submitted in relation to a meeting will continue to be valid for any adjourned meeting unless withdrawn or countermanded. Return of a proxy form will not preclude you from attending the meeting if you are entitled to do so. Due to the extraordinary circumstances resulting from the ongoing COVID-19 public health crisis, voting will take place via proxy appointment of the chairperson only. Shareholders may join the meeting virtually if they wish to do so, as set out on page 7 of this document, and the chairperson will take questions.

Shareholders should note that, if the resolution is approved and becomes effective, it will be binding on all Shareholders regardless of how they voted on the resolution or whether they voted at all.

Mr Jeff Webb, failing whom, Mr Andrew Weston-Green, failing whom, a duly authorised representative of the ACD, will be nominated in writing by the Depositary to be chairperson of the meeting (or any adjourned meeting).

In view of the importance of the proposals, voting at the meeting will be conducted on the basis of a poll ordered by the chairperson of the meeting. On a poll the voting rights attached to each Share will be the proportion of the voting rights attached to all of the Shares in issue that the price of the Share bears to the aggregate price(s) of all the Shares in issue at the date 7 days before the notice of meeting is sent out.

For joint Shareholders, the vote of the most senior who votes must be accepted to the exclusion of the votes of the other joint Shareholders. For this purpose, seniority is determined by the order in which the names stand in the register of Shareholders.

NOTICE OF MEETING OF SHAREHOLDERS

GILT & FIXED INTEREST FUND, A SUB-FUND OF HSBC INVESTMENT FUNDS

NOTICE IS HEREBY GIVEN that a meeting of Shareholders in the Gilt & Fixed Interest Fund (the "Fund") will be held in a virtual capacity via the internet through the Zoom video conferencing service, which will be treated as the venue for the meeting, on Wednesday 26 May 2021 at 11:00 a.m., to consider and, if thought fit, pass the following resolution which will be proposed as an Extraordinary Resolution:

EXTRAORDINARY RESOLUTION

THAT the scheme of arrangement (the "**Scheme**") of the Fund into the UK Gilt Index Fund (a sub-fund of HSBC Index Tracker Investment Funds, a UK authorised umbrella investment company with variable capital), contained in Section 2 of the circular dated **7 May 2021** enclosed with a letter dated **7 May 2021** addressed by HSBC Global Asset Management (UK) Limited (the "**ACD**") to Shareholders in the Fund be and is hereby approved and adopted and, accordingly, that the ACD and State Street Trustees Limited, as depositary of HSBC Investment Funds, be and are hereby authorised and instructed to implement and give effect to the Scheme in accordance with its terms.

By order of the Board:

Jonathan Beater
Company Secretary
HSBC Global Asset Management (UK) Limited
Date: 7 May 2021

NOTES: -

- 1 Please note that due to the extraordinary circumstances resulting from the ongoing COVID-19 public health crisis, voting will take place via proxy appointment of the chairperson only. Shareholders should join the meeting virtually if they wish to do so, as set out on page 7 of this document, and the chairperson will take any questions. As the meeting is to be held in a virtual capacity via the internet it will not be possible for Shareholders to provide voting instructions during the meeting. Completion and submission of an instrument appointing a proxy will not preclude a member from attending the meeting in a virtual capacity.
- 2 A proxy form is enclosed and Shareholders are requested to complete and return it so as to arrive at the offices of HSBC Global Asset Management (UK) Limited, Sunderland SR43 4BF (please use the pre-paid envelope provided), not later than 48 hours before the time appointed for the meeting (or any adjourned meeting). Proxy forms must therefore be lodged no later than 11:00 a.m. on Monday 24 May 2021.
- 3 An adjourned meeting, if necessary, will be held on Wednesday 2 June 2021 at 11:00 a.m. in a virtual capacity via the internet through the Zoom video conferencing service, which will be treated as the venue for the meeting. Shareholders should join the meeting virtually if they wish to do so, as set out on page 7 of this document, and the chairperson will take any questions. One person present by proxy at the adjourned meeting entitled to be counted in a quorum will constitute a quorum. Separate notice of an adjourned meeting will not be sent to Shareholders and this notice will be deemed to constitute notice of any adjourned meeting. The result of the meeting, including confirmation of any adjournment, will be reflected in the Prospectus published on the ACD's website, as soon as practical following the relevant meeting.
- 4 Proxies already deposited in contemplation of the meeting being held will be used at any adjourned meeting (if any) unless contrary instructions are received.
- 5 In the case of a corporation, a proxy shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.
- 6 Any power of attorney or other authority (if any) under which the proxy form is signed, or a notarially certified copy of such authority, must be deposited with the proxy form.
- 7 At the meeting the vote will be taken by poll. On a poll, each share will carry that proportion of the total number of votes exercisable in respect of the shares as is equal to the proportion which the price of one share bears to the aggregate price of all shares in issue on the date seven days before the date on which the notice is

sent. A Shareholder need not, if he/she votes, use all his/her votes or cast all the votes he/she uses in the same way.

- 8 To be passed, an extraordinary resolution must be carried by a majority in favour of not less than 75% of the total votes cast.

