



IMPORTANT INFORMATION ABOUT THE HSBC EUROPEAN GROWTH FUND

We wrote to shareholders in the European Growth Fund (the “Fund”), a sub fund of HSBC Specialist Investment Funds Open-Ended Investment Company, on 30 July 2021 to provide notice of the proposed merger of the Fund into the Europe Ex-UK Equity Fund (the “Receiving Fund”), a sub fund of HSBC 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 August 2021. A majority of shareholders in the Fund voted in favour of the merger, therefore the merger will proceed as proposed on 10 September 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.*

30 July 2021

IMPORTANT INFORMATION ABOUT YOUR INVESTMENT IN THE EUROPEAN GROWTH FUND

Dear
Account number:
Account designation:

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

We are proposing the European Growth Fund should be merged, by way of a scheme of arrangement, into the Europe Ex-UK Equity Fund (the "Receiving Fund"), a sub fund of HSBC Investment Funds, which is also an authorised OEIC.

Why are we proposing this merger?

We published our first Assessment of Value Report (the "Report") for our funds on 30 October 2020. The Report detailed our overall assessment of value rating for each fund we manage. The report is available on our website at www.assetmanagement.hsbc.co.uk. The Report highlighted that the Fund did not deliver the good value its Shareholders expect from us. We reduced the charges on the Fund with effect from 1 October 2020 and we are now taking further action by proposing the merger of the Fund into the Receiving Fund, with the aim of improving the outcome for Shareholders over time.

The Receiving Fund is a new sub-fund we intend to launch, subject to Shareholders approving the proposed merger. Like the Fund, the Receiving Fund will invest at least 80% of its value in the shares (equities) of European companies, excluding UK companies. However, the Receiving Fund will be managed by a different individual fund manager and will be managed to a growth investment style whereas the Fund is currently managed to a value style.

The fund manager of the Receiving Fund will seek to invest in the shares of companies that are profitable and which reinvest profits in order to maintain and or increase their current level of growth. There is no guarantee that any one investment style will deliver better returns than any other investment style.

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As the Receiving Fund has a different investment style its performance will be compared to a different benchmark than the Fund. The benchmark for the Receiving Fund will be the MSCI Europe Ex-UK Index (Net).

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

The charges of the Receiving Fund will be the same as the 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.

By completing the proposed merger by way of a scheme of arrangement no capital gains tax liability will be created for Shareholders.

Other options considered

We considered proposing a restructure of the Fund (i.e. changing the investment objective, name, benchmark and investment style) without merging it into the newly launched Receiving Fund. This approach would also have required the approval of Shareholders and the Fund would have incurred the same transition costs. However, as the Fund is now the only sub-fund of HSBC Specialist Investment Funds (the "Company"), completion of the proposed merger, if approved by Shareholders, will allow HSBC Specialist Investment Funds to be wound-up. As the only remaining sub-fund of the Company, the Fund currently bears certain fixed costs which would otherwise apply to the Company as a whole. Terminating the Fund and winding up the Company will therefore be more efficient for the ACD, and Shareholders will benefit from some economies of scale within HSBC Investment Funds as the costs applicable to the Receiving Fund for the production of the report and accounts will be lower, where these costs are shared between other sub-funds of that OEIC.

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 growth over the long term, which is a period of five years or more. The Fund intends to provide higher returns (before charges and tax are deducted from the Fund) than the FTSE Developed Europe Excluding UK Index plus 2% per year, over three-year periods. The Receiving Fund's investment objective does not state this. The Receiving Fund's investment objective states that the Fund aims to provide growth over the long term, which is a period of five years or more. Both the Fund and the Receiving Fund aim to provide growth over the long term, which is a period of five years or more.

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?

The charges will remain the same following the merger.

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 0.10% 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 Thursday 26 August 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 Tuesday 24 August 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 10 September 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



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.

European Growth Fund

Merger of the European Growth Fund into the Europe Ex-UK Equity Fund.

Summary of proposals in the form of questions and answers



The proposed merger

We are proposing the European Growth Fund (the “Fund”) should be merged, by way of a scheme of arrangement, into the Europe Ex-UK Equity Fund (the “Receiving Fund”), a sub fund of HSBC 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?

We published our first Assessment of Value Report (the “Report”) for our funds on 30 October 2020. The Report detailed our overall assessment of value rating for each fund we manage. The report is available on our website at www.assetmanagement.hsbc.co.uk. The Report highlighted that the Fund did not deliver the good value its Shareholders expect from us. We reduced the charges on the Fund with effect from 1 October 2020 and we are now taking further action by proposing the merger of the Fund into the Receiving Fund, with the aim of improving the outcome for Shareholders over time.

The Receiving Fund is a new sub-fund we intend to launch, subject to Shareholders approving the proposed merger. Like the Fund, the Receiving Fund will invest at least 80% of its value in the shares (equities) of European companies, excluding UK companies. However, the Receiving Fund will be managed by a different individual fund manager and will be managed to a growth investment style whereas the Fund is currently managed to a value style.

The fund manager of the Receiving Fund will seek to invest in the shares of companies that are profitable and which reinvest profits in order to maintain and or increase their current level of growth. There is no guarantee that any one investment style will deliver better returns than any other investment style.

As the Receiving Fund has a different investment style its performance will be compared to a different benchmark than the Fund. The benchmark for the Receiving Fund will be the MSCI Europe Ex-UK Index (Net).

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

The charges of the Receiving Fund will be the same as the 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.

By completing the proposed merger by way of a scheme of arrangement no capital gains tax liability will be created for Shareholders.

Other options considered

We considered proposing a restructure of the Fund (i.e. changing the investment objective, name, benchmark and investment style) without merging it into the newly launched Receiving Fund. This approach would also have required the approval of Shareholders and the Fund would have incurred the same transition costs. However, as the Fund is now the only sub-fund of HSBC Specialist Investment Funds (the “Company”), completion of the proposed merger, if approved by Shareholders, will allow HSBC Specialist Investment Funds to be wound-up. As the only remaining sub-fund of the Company, the Fund currently bears certain fixed costs which would otherwise apply to the Company as a whole. Terminating the Fund and winding up the Company will therefore be more efficient for the ACD, and Shareholders will benefit from some economies of scale within HSBC Investment Funds as the costs applicable to the Receiving Fund for the production of the report and accounts will be lower, where these costs are shared between other sub-funds of that OEIC.

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 distributions yearly on 15 November, in contrast to the Receiving Fund which makes any distributions yearly on 15 March.

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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 6 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.

Both the Fund and the Receiving Fund are actively managed.

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?

Both the Fund and Receiving Fund aim to provide growth over the long term, which is a period of five years or more. Both the Fund and the Receiving Fund will invest at least 80% of its value in the shares (equities) of European companies, excluding UK companies. However, the Receiving Fund will be managed by a different individual fund manager and will be managed to a different investment style compared to the Fund.

The Fund's investment objective states that the Fund aims to provide growth over the long term, which is a period of five years or more. The Fund intends to provide higher returns (before charges and tax are deducted from the Fund) than the FTSE Developed Europe Excluding UK Index plus 2% per year, over three-year periods. The Receiving Fund's investment objective does not state this. The Receiving Fund's investment objective states that the Fund aims to provide growth over the long term, which is a period of five years or more. Both the Fund and the Receiving Fund aim to provide growth over the long term, which is a period of five years or more.

As the Receiving Fund has a different investment style its performance will be compared to a different benchmark compared to the Fund. The benchmark of the Receiving Fund will be the MSCI Europe Ex-UK Index (Net).

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 0.10% 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 charges will remain the same.

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

Share Class	The Fund*	The Receiving Fund*
Retail Income	1.53%	N/A%
Retail Accumulation	1.56%	1.56%
Institutional A Accumulation	0.78%	0.78%
Income C	0.85%	0.85%
Accumulation C	0.85%	0.85%

*The ongoing charges information shown is as at 15 March 2021 for the Fund and estimated for the Receiving Fund.

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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.

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
Institutional A Accumulation	Institutional A 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 13 September 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 Tuesday 7 September 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 13 September 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 European Growth Fund?

Subject to the approval of the Shareholders at the extraordinary general meeting, the European Growth Fund will be wound up. On completion of the winding up of the European Growth Fund, the ACD will formally make a request to the FCA for its approval of the solvent winding up of the European Growth Fund in accordance with the OEIC regulations.

Will my regular savings be affected by this?

If you currently have a direct debit for the European Growth 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.

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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 is 15 March.

Will the merger affect the type of income I receive?

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

A dividend allowance applies for UK resident individual Shareholders which charges the first £2,000 (in tax year 2021/2022) of dividends received in the tax year at 0%. A UK resident individual Shareholder will have to pay income tax at the applicable basic, higher or additional rate (depending on the Shareholder's individual tax position) on dividend income in excess of the £2,000 allowance. Note that dividend income within the £2,000 allowance will still count towards basic, higher and additional rate bands and may therefore affect the rate of income tax that a Shareholder pays on dividends they receive in excess of the £2,000 allowance.

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

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 that the implementation of the changes set out in this letter will not affect the ongoing authorisation of HSBC 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.

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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: 926 9546 4400
Meeting Passcode: 091140

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: 926 9546 4400
Meeting Passcode: 091140

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: 926 9546 4400
Meeting Passcode: 091140

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. Tuesday 24 August 2021
Shareholders meeting takes place	11:00 a.m. Thursday 26 August 2021
If Shareholder approval is received	
Effective Date	Friday 10 September 2021
A confirmation letter with the number of New Shares allocated will be sent to you	Before 24 September 2021

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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.

European Growth Fund (the “Fund”)

Proposal to implement a scheme of arrangement for the merger of the European Growth Fund, a sub-fund of HSBC Specialist Investment Funds, into the Europe Ex-UK Equity Fund, a sub-fund of HSBC 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 Thursday 26 August 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 European Growth 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.

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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 Specialist 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 10 September 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 European Growth Fund, a sub-fund of HSBC Specialist Investment Funds
"HSBC Investment Funds"	HSBC 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 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, Institutional A Accumulation, Income C, 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 Investment Funds (as the context requires), as amended from time to time
"Receiving Fund"	the Europe Ex-UK Equity Fund, a sub-fund of HSBC 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, Institutional A Accumulation, Income C, Accumulation C 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 23 July 2021
Documentation posted to Shareholders	Friday 30 July 2021
Proxy forms to be returned by	11:00 a.m. Tuesday 24 August 2021
Meeting of Shareholders	11:00 a.m. Thursday 26 August 2021
Adjourned Meeting of Shareholders (if required)	11:00 a.m. Thursday 2 September 2021
Last day of dealing in the Fund	Tuesday 7 September 2021
Effective Date	Friday 10 September 2021
First day of dealing in the Receiving Fund	Monday 13 September 2021
Final income distribution for income shares	Before 10 November 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.

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: 926 9546 4400

Meeting Passcode: 091140

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: 926 9546 4400

Meeting Passcode: 091140

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: 926 9546 4400

Meeting Passcode: 091140

SECTION 1

Proposal to merge the European Growth Fund into the Europe Ex-UK Equity 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 Specialist Investment Funds (the “Company”), we are proposing that the European Growth Fund (the “Fund”) is merged, by way of a scheme of arrangement, with the Europe Ex-UK Equity Fund, a sub-fund of HSBC 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 FCA has confirmed that the proposed merger will not affect the ongoing authorisation of the Company and it is now 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

We published our first Assessment of Value Report (the “Report”) for our funds on 30 October 2020. The Report detailed our overall assessment of value rating for each fund we manage. The report is available on our website at www.assetmanagement.hsbc.co.uk. The Report highlighted that the Fund did not deliver the good value its Shareholders expect from us. We reduced the charges on the Fund with effect from 1 October 2020 and we are now taking further action by proposing the merger of the Fund into the Receiving Fund, with the aim of improving the outcome for Shareholders over time.

The Receiving Fund is a new sub-fund we intend to launch, subject to Shareholders approving the proposed merger. Like the Fund, the Receiving Fund will invest at least 80% of its value in the shares (equities) of European companies, excluding UK companies. However, the Receiving Fund will be managed by a different individual fund manager and will be managed to a growth investment style whereas the Fund is currently managed to a value style.

The fund manager of the Receiving Fund will seek to invest in the shares of companies that are profitable and which reinvest profits in order to maintain and or increase their current level of growth. There is no guarantee that any one investment style will deliver better returns than any other investment style.

As the Receiving Fund has a different investment style, its performance will be compared to a different benchmark than the Fund. The benchmark for the Receiving Fund will be the MSCI Europe Ex-UK Index (Net).

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

The charges of the Receiving Fund will be the same as the 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.

By completing the proposed merger by way of a scheme of arrangement no capital gains tax liability will be created for Shareholders.

Other options considered

We considered proposing a restructure of the Fund (i.e. changing the investment objective, name, benchmark and investment style) without merging it into the newly launched Receiving Fund. This approach would also have required the approval of Shareholders and the Fund would have incurred the same transition costs. However, as the Fund is now the only sub-fund of HSBC Specialist Investment Funds, completion of the proposed merger, if approved by Shareholders, will allow HSBC Specialist Investment Funds to be wound-up. As the only remaining sub-fund of the Company, the Fund currently bears certain fixed costs which would otherwise apply to the Company as a whole. Terminating the Fund and winding up the Company will therefore be more efficient for the ACD, and Shareholders will benefit from some economies of scale within HSBC Investment Funds as the costs applicable to the Receiving Fund for the production of the report and accounts will be lower, where these costs are shared between other sub-funds of that OEIC.

Investment aims of the Fund and the Receiving Fund

Both the Fund and the Receiving Fund aim to provide growth over the long term, which is a period of five years or more. Both the Fund and the Receiving Fund will invest at least 80% of their value in the shares (equities) of European companies, excluding UK companies.

Some particular features to note are:

- The Fund's investment objective states that it intends to provide higher returns, (before charges and tax are deducted from the Fund), than the FTSE Developed Europe Excluding UK Index plus 2% per year, over three-year periods. The Receiving Fund's investment objective will not state this as it will exclude reference to any outperformance target. The benchmark of the Receiving Fund will be the MSCI Europe Ex-UK Index (Net).
- Both funds pay dividend distributions. However, the Fund distributes any income annually on 15 November, whereas the Receiving Fund distributes any income annually on 15 March. The annual accounting period of the Fund ends each year on 15 September, while the annual accounting period of the Receiving Fund ends each year on 15 January. 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 the Key Investor Information Documents is currently 6 for the Fund and will be the same for 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, Institutional A Accumulation, Income C, Accumulation C Shares in

the Receiving Fund in exchange for Retail Income, Retail Accumulation, Institutional A Accumulation, Income C, Accumulation C Shares 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 may 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 European Growth Fund (the “Fund”) into the Europe Ex-UK Equity 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 Specialist 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 European Growth Fund be merged into the Europe Ex-UK Equity 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 Europe Ex-UK Equity 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 Tuesday 7 September 2021. Deals received after 12:00 noon on Tuesday 7 September 2021 will not be actioned until the first day of dealing following the merger, which is expected to be Monday 13 September 2021.

6 Income allocation arrangements

- 6.1 The current accounting period of the Fund will end immediately before 12:00 noon on Friday 10 September 2021.
- 6.2 The income (if any) available for distribution in respect of the period from 16 March 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 March 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 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 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 13 September 2021.
- 10.3 Shareholders can telephone the Helpline number advised in the accompanying letter from 9.00 a.m. on Monday 13 September 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 0.10% 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 10 September 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: 30 July 2021

SECTION 3

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

	European Growth Fund	Europe Ex-UK Equity 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 growth over the long term, which is a period of five years or more. The Fund intends to provide higher returns (before charges and tax are deducted from the Fund) than the FTSE Developed Europe Excluding UK Index plus 2% per year, over three-year periods.	The fund aims to provide growth over the long term, which is a period of five years or more.
Investment Policy	<p>To achieve its objective, the Fund will invest at least 80% of its value in the shares (equities) of European companies, including preference shares. European companies are deemed to be those that are domiciled or incorporated in Europe excluding the UK, or earn at least 80% of their revenue from Europe.</p> <p>The Fund may also invest up to 10% of its value in shares of companies listed on a European stock exchange that are not European companies (as defined above).</p> <p>In addition, the Fund may invest up to a further 10% in the shares of companies that are neither shares of European companies nor listed on a European stock exchange. This means that up to 20% of the value of the Fund may be invested in non-European companies.</p> <p>The Fund may invest up to 10% of its value in collective investment schemes, which in turn invest in the shares of European companies and other assets. The collective investment schemes may be managed or operated by the HSBC Group.</p> <p>To manage day-to-day cash flow requirements, the Fund may also invest in money market instruments, deposits and cash.</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 with a level of risk that is consistent with the risk profile of the Fund.</p>	<p>To achieve its objective, the Fund will invest at least 80% of its value in the shares (equities) of European companies, including preference shares. European companies are deemed to be those that are domiciled or incorporated in Europe excluding the UK, or earn at least 80% of their revenue from Europe.</p> <p>The Fund may also invest up to 10% of its value in shares of companies listed on a European stock exchange that are not European companies (as defined above).</p> <p>In addition, the Fund may invest up to a further 10% in the shares of companies that are neither shares of European companies nor listed on a European stock exchange. This means that up to 20% of the value of the Fund may be invested in the shares of companies that are not European companies (as defined above), which therefore may include UK companies.</p> <p>The Fund may invest up to 10% of its value in collective investment schemes, which in turn invest in the shares of European companies and other assets. The collective investment schemes may be managed or operated by the HSBC Group.</p> <p>To manage day-to-day cash flow requirements, the Fund may also invest in money market instruments, deposits and cash.</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 with a level of risk that is consistent with the risk profile of the Fund.</p> <p>The fund manager will typically invest in the shares of 40 to 60 companies. The fund manager may vary this depending on market conditions and the investment opportunities that are available.</p>
Investment Strategy	The investment process aims to identify companies that deliver longer term value creation in a sustainable manner. The fund manager will typically invest in the shares of 40 to 60 companies that can be purchased at	The investment process aims to identify companies that deliver longer term growth. The fund manager will seek to invest in the shares of companies that are profitable

Investment Strategy (Continued)	<p>an attractive valuation. The fund manager may vary this depending on market conditions and the investment opportunities that are available.</p> <p>Stewardship is a key part of our long-term investment approach and is integrated into our investment decisions.</p> <p>Use of Benchmarks</p> <p>The Fund is managed with reference to the Index. The fund manager aims to generate returns in excess of the FTSE Developed Europe Excluding UK Index plus 2% per year, over three year periods, before charges and tax are deducted from the Fund. This is based on our current view of returns the Fund may potentially achieve, which may change. The fund manager is not limited to investing in shares of companies that are part of the FTSE Developed Europe Excluding UK Index.</p> <p>The FTSE Developed Europe Excluding UK Index is 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 European equities market (excluding the UK equity market).</p> <p>To enable investors to assess the performance of the Fund it is shown against the performance of the FTSE Developed Europe Excluding UK Index plus 2% 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 Europe Excluding UK sector for comparison purposes only.</p> <p>The FTSE Developed Europe Excluding UK Index has been selected as a benchmark for performance and risk measurement because it is representative of the companies in which the Fund may invest. The Investment Association Europe Excluding UK 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 D of Appendix 3. Although the Fund has the ability to use currency forward contracts or other derivative instruments to hedge against movements in the rate of exchange between Sterling and other currencies in which the Fund's assets may be denominated, the Fund does not currently do so.</p>	<p>and which reinvest profits in order to maintain and or increase their current level of growth.</p> <p>Stewardship is a key part of our long-term investment approach and is integrated into our investment decisions.</p> <p>Use of Benchmarks</p> <p>The Fund is managed with reference to the MSCI Europe Ex-UK Index (Net). The fund manager is not limited to investing in shares of companies that are part of MSCI Europe Ex-UK Index (Net).</p> <p>The MSCI Europe Ex-UK Index (Net) is 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 European equities market (excluding the UK equity market).</p> <p>To enable investors to assess the performance of the Fund it is shown against the performance of the MSCI Europe Ex-UK Net Index (Net). The performance of the Fund may also be shown against the performance of the Investment Association Europe Excluding UK sector for comparison purposes only.</p> <p>The MSCI Europe Ex-UK Index (Net) has been selected as a benchmark for performance and risk measurement because it is representative of the companies in which the Fund may invest.</p> <p>The Investment Association Europe Excluding UK sector has been selected 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 D of Appendix 3. Although the Fund has the ability to use currency forward contracts or other derivative instruments to hedge against movements in the rate of exchange between Sterling and other currencies in which the Fund's assets may be denominated, the Fund does not currently do so.</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	May be used for EPM only.	May be used for EPM only.
SRRI*	6	6
Share Classes Currently Offered	Retail Income Retail Accumulation Institutional A Accumulation Income C Accumulation C	Retail Accumulation Institutional A Accumulation Income C Accumulation C
Risk Categories	General Cancellation Efficient Portfolio Management (EPM) and Counterparty Risk Collateral Risk Currency Exchange Rates Investing in Europe Suspension of Dealings Liabilities Emerging Markets Leverage Derivatives Geographical Concentration Effect of Initial Charge Banned Weapons Policy	General Cancellation Efficient Portfolio Management (EPM) and Counterparty Risk Collateral Risk Currency Exchange Rates Investing in Europe Suspension of Dealings Liabilities Emerging Markets Leverage Derivatives Geographical Concentration Effect of Initial Charge Banned Weapons Policy
Initial Subscription	Retail Income £1,000 Retail Accumulation £1,000 Institutional A Accumulation £1,000,000 Income C £1,000,000 Accumulation C £1,000,000	Retail Accumulation £1,000 Institutional A Accumulation £1,000,000 Income C £1,000,000 Accumulation C £1,000,000
Minimum Additional Subscription	Retail Income £500 Retail Accumulation £500 Institutional A Accumulation £1,000 Income C £500 Accumulation C £500	Retail Accumulation £500 Institutional A Accumulation £1,000 Income C £500 Accumulation C £500
Minimum Redemption	Retail Income £100 Retail Accumulation £100 Institutional A Accumulation None Income C None Accumulation C None	Retail Accumulation £100 Institutional A Accumulation None Income C None Accumulation C 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 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 or any other day on which the London Stock Exchange or its successor organisation is closed); 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, 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
Publication of Prices	The prices of Shares will be published on the ACD's website; www.assetmanagement.hsbc.com .	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.	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.
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* 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.

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.

	European Growth Fund		Europe Ex-UK Equity Fund	
Accounting Dates	15 September (annual) 15 March (interim)		15 January (annual) 15 July (interim)	
Income Distribution Dates	15 November		15 March	
Distributions Made	Dividend		Dividend	
Tax treatment of distributions	A dividend allowance applies for UK resident individual Shareholders which charges the first £2,000 (in tax year 2021/2022) of dividends received in the tax year at 0%. A UK resident individual Shareholder will have to pay income tax at the applicable basic, higher or additional rate (depending on the Shareholder's individual tax position) on dividend income in excess of the £2,000 allowance. Note that dividend income within the £2,000 allowance will still count towards basic, higher and additional rate bands and may therefore affect the rate of income tax that a Shareholder pays on dividends they receive in excess of the £2,000 allowance. Where a UK resident individual Shareholder holds Shares in an ISA the Shareholder will be exempt from income tax on Dividend Distributions paid in respect of such Shares.		A dividend allowance applies for UK resident individual Shareholders which charges the first £2,000 (in tax year 2021/2022) of dividends received in the tax year at 0%. A UK resident individual Shareholder will have to pay income tax at the applicable basic, higher or additional rate (depending on the Shareholder's individual tax position) on dividend income in excess of the £2,000 allowance. Note that dividend income within the £2,000 allowance will still count towards basic, higher and additional rate bands and may therefore affect the rate of income tax that a Shareholder pays on dividends they receive in excess of the £2,000 allowance. Where a UK resident individual Shareholder holds Shares in an ISA the Shareholder will be exempt from income tax on Dividend Distributions paid in respect of such Shares.	
Annual Management Charge	Retail Income Retail Accumulation Institutional A Accumulation Income C Accumulation C	1.50% 1.50% 0.75% 0.80% 0.80%	Retail Accumulation Institutional A Accumulation Income C Accumulation C	1.50% 0.75% 0.80% 0.80%
Initial Charge	Retail Income Retail Accumulation Institutional A Accumulation Income C Accumulation C	0.00% 0.00% 0.00% 0.00% 0.00%	Retail Accumulation Institutional A Accumulation Income C Accumulation C	0.00% 0.00% 0.00% 0.00%
Ongoing Charges Figure *	Retail Income Retail Accumulation Institutional A Accumulation Income C Accumulation C	1.53% 1.56% 0.78% 0.85% 0.85%	Retail Accumulation Institutional A Accumulation Income C Accumulation C	1.56% 0.78% 0.85% 0.85%
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 Specialist 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 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 September) and 2 months after half-yearly accounting reference date (15 March).	4 months after annual accounting reference date (15 January) and 2 months after half-yearly accounting reference date (15 July).
Eligible for ISA investment	Yes**	Yes**
Size as at 28/06/2021	£ 152,183,567	Nil

* The Ongoing Charges Figure (OCF) is based on actual expenses for the relevant accounting period in respect of the Fund. 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. The OCF is estimated for the Receiving Fund.

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

Equivalent share classes will be created in the new Receiving Fund prior to the merger in order to accommodate current holders of each share class of the Fund.

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

Investment & borrowing powers of the European Growth Fund ("the Fund")	Investment & borrowing powers of the Europe Ex-UK Equity Fund ("the Receiving Fund")
<p>The property of the Fund is 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 Specialist 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: 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. Up to 35% of the value of the property of the Fund can be invested in transferable securities or approved money-market instruments issued or guaranteed by a single state, local authority or public international body subject to meeting specific FCA Rules as set out in the Prospectus.</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 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>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: 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. Up to 35% of the value of the property of the Receiving Fund can be invested in transferable securities or approved money-market instruments issued or guaranteed by a single state, local authority or public international body subject to meeting specific FCA Rules as set out in the Prospectus.</p>

Investment & borrowing powers of the European Growth Fund ("the Fund")	Investment & borrowing powers of the Europe Ex-UK Equity 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 Specialist Investment Funds provided that the second fund does not hold shares in any other fund of HSBC Specialist Investment Funds. Where investment is made in another fund of HSBC Specialist 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 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 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 Specialist Investment Funds to have an interest in any immovable property.</p> <p>Gold: Not permitted.</p>	<p>Investment in other Collective Investment Schemes: Permitted. The Receiving 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 Receiving 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 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: Not permitted. There is no intention for HSBC Investment Funds to have an interest in any immovable property.</p> <p>Gold: Not permitted.</p>

Investment & borrowing powers of the European Growth Fund ("the Fund")	Investment & borrowing powers of the Europe Ex-UK Equity Fund ("the Receiving Fund")
<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>Stocklending: Permitted. However, HSBC Specialist 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>Deposits: Permitted. Not more than 20% in value of the property of the Fund may consist of deposits with a single body.</p> <p>Stocklending: Permitted. However, HSBC 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 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 Thursday 26 August 2021 (or up to and including the date of any adjourned meeting):

- 5.1 the Prospectus of HSBC Specialist Investment Funds;
- 5.2 the Prospectus in respect of HSBC 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 Specialist Investment Funds;
- 5.5 the Instrument of Incorporation of HSBC 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 Specialist Investment Funds;
- 5.9 the most recent annual and half-yearly report and accounts of HSBC 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

EUROPEAN GROWTH FUND, A SUB-FUND OF HSBC SPECIALIST INVESTMENT FUNDS

NOTICE IS HEREBY GIVEN that a meeting of Shareholders in the European Growth 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 Thursday 26 August 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 Europe Ex-UK Equity Fund (a sub-fund of HSBC Investment Funds, a UK authorised umbrella investment company with variable capital), contained in Section 2 of the circular dated **30 July 2021** enclosed with a letter dated **30 July 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 Specialist 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: 30 July 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 Tuesday 24 August 2021.
- 3 An adjourned meeting, if necessary, will be held on Thursday 2 September 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.

