

Asset Management

HSBC Global Asset Management (UK) Limited
Sunderland
SR43 4BF

If you have any questions

- Call us on 0800 358 3011*
- Send an e-mail to HSBCenquiries@ntrs.com

* Lines are open 9.00 am to 5.00 pm Monday to Friday (excluding public holidays).

15 January 2024
Investor Reference:

IMPORTANT INFORMATION ABOUT YOUR INVESTMENT IN THE GLOBAL STRATEGY PORTFOLIOS

Dear

We, HSBC Global Asset Management (UK) Limited, are writing to let you know that, with effect from 28 March 2024, we are making some changes to our range of Global Strategy Portfolios (in this letter each Portfolio is referred to as a “Fund” and the Portfolios together are referred to as the “Funds”).

We have explained the changes we are making in this letter and provided further information about the changes in the attached Questions and Answers. However, if you have any questions or require further information you can contact us using the details shown at the top of this letter.

HSBC Global Asset Management (UK) Limited is the party responsible for the management and operation of the Funds as the Authorised Corporate Director (“ACD”) of the Funds. In this letter we refer to HSBC Global Asset Management (UK) Limited as “we”, “us”, “our” or the “ACD”.

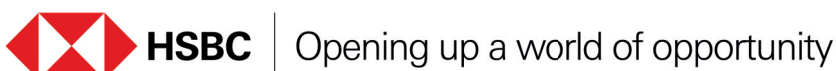
In summary, the changes are:

- We are increasing the fees paid to us as ACD for managing and operating the Funds. We are also introducing discounts to these fees, which apply when each Fund reaches a certain size.
- Several companies provide administration services to the Funds. The companies charge fees for these services, and we are changing the way these fees are paid. This change will increase the fees paid by the Funds and applicable share classes.

We have explained each of the changes separately in this letter.

We appreciate that an increase in charges is never wanted. However, we believe that the revised charges, together with the introduction of discounts, continues to offer good value to our customers, whilst fairly compensating us for the work undertaken. We also believe that the overall charges will continue to be competitive.

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

We are increasing the fees paid to us

The Annual Management Charge (“AMC”) is a payment to us for carrying out our duties and responsibilities in managing the Funds and is reflected in the Funds’ daily share prices. We are increasing the AMC from 0.10% to 0.125% per year for the C share classes of the Funds. We offer different share classes for our Funds. If you aren’t sure which class of shares you hold you can check on statements or contract notes we have previously sent you or by contacting us.

The Global Strategy Cautious, Balanced and Dynamic Portfolios were restructured in 2015 and the AMC for these Funds was reduced to a much lower rate due to a number of factors, including competitor charging. The Global Strategy Conservative and Adventurous Portfolios were launched in 2017 and the AMC was set at a similarly lower rate. Following a review of charges, taking into account the sophistication and nature of the Funds, we are now increasing the AMC.

We are introducing discounts to our fees based on the size of a Fund

We are also introducing discounts to the revised AMC. The discounts are designed to benefit the investors in each Fund by passing on some of the economies of scale savings that are achieved when a Fund increases significantly in size. These savings may arise, for example, when certain fixed costs that are incurred by us and/or the service providers in managing and operating a Fund, remain broadly the same as the Fund grows.

The operation of the discounts is described in more detail in the Questions and Answers included, but in summary discounts are applied to the AMC, for certain share classes of each Fund, when the Fund as a whole reaches a certain size, rather than the value of your individual holding. Where discounts are applied, this has the effect of reducing the overall charges paid by investors in the applicable share classes of that Fund.

Based on the current size of the Funds, we expect discounts to apply to the revised AMC of the applicable share classes of the Global Strategy Balanced Portfolio and the Global Strategy Dynamic Portfolio from 28 March 2024. Discounts may not initially apply to the revised AMC of the Global Strategy Adventurous Portfolio, the Global Strategy Cautious Portfolio and the Global Strategy Conservative Portfolio again given the current size of the Funds. However, the Funds will be able to benefit from the discounts if and when they reach the applicable size.

We are changing the way fees for administration services are paid

We are changing the way fees associated with certain administration services are paid for. These services include processing instructions from investors to buy and sell shares in the Funds and issuing statements. The services are provided by third party companies who charge for these services. Currently their fees are paid by us but, given the importance of these services to the overall operation of the Funds, we believe it is appropriate to charge these fees directly to the Funds going forward. The fees will be applied to all share classes of the Funds and will be reflected in the daily share prices. However, the applicable administration services fees charged to each share class will be limited to 0.00124% per month (approximately equivalent to 0.0149% per year) based on the total value of the share class on the last business day of each month.

While we believe these services are currently competitively priced and provide good value, we will continue to negotiate with the companies providing these services. Any future savings in the costs of these services will be applied to the Funds and therefore shared with investors.

The Questions and Answers include further detail about the administration services referred to above and the companies providing these services.

How the changes affect the overall charges of the Funds

The current and revised AMC and Ongoing Charges Figure (“OCF”) for the different share classes of each of the Funds is shown below. Again, if you aren’t sure which class of shares you hold you can check on statements or contract notes we have previously sent you or by contacting us.

The revised AMC quoted allows for potential discounts to the C share classes based on the current Fund size, which will vary. For illustrative purposes the AMC has been rounded to two decimal places. In practice the discount rate and AMC are calculated and applied without rounding.

The OCF is a measure of the total annual charges of a Fund, including the AMC but excluding portfolio transaction costs (the costs incurred when buying and selling assets for the Funds). The revised OCFs shown

are estimated and take account of the AMC increase for the C share classes and any discounts that may apply. The revised OCF figures also take account of the addition of estimated administration services fees.

The OCF is variable and is periodically updated in the annual and half-yearly Report and Accounts and the Key Investor Information Document.

Fund	Share Class	Current		Revised		Increase in Ongoing Charges Figure in £s based on example investment of £10,000*
		Annual Management Charge	Ongoing Charges Figure	Annual Management Charge	Ongoing Charges Figure	
Global Strategy Cautious Portfolio	Accumulation C	0.10%	0.17%	0.13%	0.21%	£4.00
Global Strategy Cautious Portfolio	Income C	0.10%	0.17%	0.13%	0.21%	£4.00
Global Strategy Cautious Portfolio	Retail X Accumulation	0.40%	0.47%	0.40%	0.48%	£1.00
Global Strategy Conservative Portfolio	Accumulation C	0.10%	0.17%	0.13%	0.21%	£4.00
Global Strategy Conservative Portfolio	Income C	0.10%	0.17%	0.13%	0.21%	£4.00
Global Strategy Balanced Portfolio	Accumulation C	0.10%	0.17%	0.12%	0.19%	£2.00
Global Strategy Balanced Portfolio	Income C	0.10%	0.17%	0.12%	0.20%	£3.00
Global Strategy Balanced Portfolio	Retail X Accumulation	0.40%	0.47%	0.40%	0.48%	£1.00
Global Strategy Balanced Portfolio	CTF Accumulation	0.35%	0.42%	0.35%	0.42%	£0.00
Global Strategy Dynamic Portfolio	Accumulation C	0.10%	0.18%	0.12%	0.21%	£3.00
Global Strategy Dynamic Portfolio	Income C	0.10%	0.18%	0.12%	0.22%	£4.00
Global Strategy Dynamic Portfolio	Retail X Accumulation	0.40%	0.48%	0.40%	0.49%	£1.00
Global Strategy Adventurous Portfolio	Accumulation C	0.10%	0.19%	0.13%	0.23%	£4.00
Global Strategy Adventurous Portfolio	Income C	0.10%	0.19%	0.13%	0.23%	£4.00

* The figures are rounded to the nearest £1.

What you need to do

You do not need to take any action. However, if you wish to sell your investment, or switch into a different fund, before the changes become effective you can do so in accordance with the normal terms disclosed in the Prospectus. We've explained how you can do this in the attached Questions and Answers.

If you have any questions

If you have any questions or would like more detail about the changes you can call us on 0800 358 3011** or you can send an e-mail to HSBCenquiries@ntrs.com.

If you are unsure whether the Fund will continue to meet your needs, you should contact your financial adviser.

Yours sincerely



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

** Lines are open 9.00 am to 5.00 pm Monday to Friday (excluding public holidays).

Important Information

To help improve our service and in the interests of security we may record and/or monitor your communication with us. HSBC Global Asset Management (UK) Limited provides information to Institutions, Professional Advisers and their clients on the investment products and services of the HSBC Group.

Approved for issue in the UK by HSBC Global Asset Management (UK) Limited, who are authorised and regulated by the Financial Conduct Authority.

The Funds are sub-funds of HSBC OpenFunds an Open Ended Investment Company that is authorised in the UK by the Financial Conduct Authority. The Authorised Corporate Director and Investment Manager is HSBC Global Asset Management (UK) Limited. All applications are made on the basis of the HSBC OpenFunds prospectus, Key Investor Information Document (KIID), Supplementary Information Document (SID) and most recent annual and semi annual report, which can be obtained upon request free of charge from HSBC Global Asset Management (UK) Limited, 8, Canada Square, Canary Wharf, London, E14 5HQ, UK, or the local distributors. Investors and potential investors should read and note the risk warnings in the prospectus and relevant KIID and additionally, in the case of retail clients, the information contained in the supporting SID.

HSBC Asset Management is the brand name for the asset management business of HSBC Group, which includes the investment activities provided through our local regulated entity, HSBC Global Asset Management (UK) Limited.

www.assetmanagement.hsbc.com/uk

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QUESTIONS AND ANSWERS

How are the discounts to the Annual Management Charges (“AMCs”) applied?

The discounts to the AMC that apply to each Fund are based on the size of the Fund, as measured by its total value. We refer to the total value of the Fund as its Net Asset Value. Where they apply, discounts are only made to the AMC of the Income C and Accumulation C share classes of the Fund and no other share classes are affected. The discounts are applied in tiers with the rates determined by the proportion of the Fund’s total Net Asset Value that falls within the ranges shown in the table below. A weighted average of the overall discount rate that applies is then calculated and applied to the AMC. This means that only the proportion of the Fund’s Net Asset Value that falls within each range receives the applicable discount for that tier.

Fund’s Net Asset Value range	Discount applied based on the proportion of Fund’s Net Asset Value falling within the range shown
£0 – up to £0.75 billion	0.00%
In excess of £0.75 billion – up to £1.50 billion	0.005%
In excess of £1.50 billion – up to £2.25 billion	0.010%
In excess of £2.25 billion – up to £3.00 billion	0.015%
In excess of £3.00 billion – up to £3.75 billion	0.020%
In excess of £3.75 billion – up to £4.50 billion	0.025%
In excess of £4.50 billion – up to £5.25 billion	0.030%
In excess of £5.25 billion – up to £6.00 billion	0.035%
In excess of £6.00 billion – up to £6.75 billion	0.040%
In excess of £6.75 billion	0.045%

We have included a worked example below to illustrate how the discounts may apply. Further detail on the methodology is included in the Prospectus of the Funds.

Example

In this example, the fund has a Net Asset Value of £2.10 billion with an AMC of 0.125%.

A discount of 0% applies in relation to the proportion of the Net Asset Value up to £0.75 billion.

A discount of 0.005% applies in relation to the proportion of the Net Asset Value in excess of £0.75 billion, up to £1.50 billion.

A discount of 0.010% applies in relation to the proportion of the Net Asset Value in excess of £1.50 billion, up to £2.10 billion (the total Net Asset Value for the fund).

The weighted average discount rate calculated from the above is 0.005%*.

The discounted AMC is therefore 0.120%*.

This means that an investor who holds Income C / Accumulation C shares with a value of £10,000 in the fund will effectively pay an AMC of £12.04 per year, instead of £12.50 per year.

* For illustrative purposes the weighted average discount rate and AMC quoted here have been rounded to three decimal places. In practice the discount rate and AMC are calculated and applied without rounding, as reflected in the monetary example.

How can I find out the Net Asset Value of the Funds?

The Net Asset Value for each of the Funds is shown on our website, www.assetmanagement.hsbc.co.uk, select “Funds” and locate and select the relevant Fund from the list of funds. Alternatively, this can be obtained by contacting us using the details shown at the top of the letter.

How can I find out the discounts that apply going forward?

Information about the discounts that apply will be shown on our website, www.assetmanagement.hsbc.co.uk, select "Funds", locate and select the relevant Fund from the list of funds. The discount information on our website will be updated every six months. Alternatively, this can be obtained by contacting us using the details shown at the top of the letter.

The AMCs that have been applied, allowing for any discounts, will also be shown in the Report and Accounts for the relevant reporting period.

What will happen to the discounts if a Fund decreases in size?

Although the discounts are designed to pass on economies of scale savings where each Fund increases in size, discounts will cease to apply where a Fund is decreasing in size and its Net Asset Value falls below the level required to benefit from the applicable discount.

Which administration services are affected by the change to the way fees are paid?

Northern Trust Global Services SE is currently appointed as Administrator/Registrar and provides services which include processing subscription, redemption, switch and conversion instructions from investors, maintaining the register of investors, paying distributions of income, issuing statements to investors and other administrative functions. The fees that apply to each Fund and share class are variable and are based on various criteria including but not limited to the number of transactions, number of investor accounts and number of distributions processed during a charging period.

Calastone and Euroclear are currently appointed to provide Electronic Instruction Routing services (other similar providers may be added) and provide services including routing of subscription, redemption, switch and conversion instructions, together with electronic transaction and valuation confirmations. Again, the fees that apply to each Fund and share class are variable and are based on the number of transactions and number of transaction and valuation confirmations provided during a charging period.

How can I sell my investment or switch funds if I wish to?

Individual investors wishing to switch or sell their shares in the Fund(s) may call us on 0800 358 3011. Joint investors wishing to switch or sell shares in the Fund(s) must provide written instructions to us signed by all registered investors. Joint investors should send their written instructions to HSBC Global Asset Management (UK) Limited, Sunderland SR43 4BF.

Before choosing to switch to another fund, you should note in particular the different objectives of the funds and the different charges and expenses which apply to these funds, as these may well be different to those of the Funds. Information about other funds we offer is available on our website. Visit www.assetmanagement.hsbc.co.uk and select "Funds". In particular, you should read the Key Investor Information Document (KIID) for other funds before making your decision.

If I sell my investment or switch funds will this create a tax liability?

The sale of your shares in the Fund(s) will be treated as a disposal for Capital Gains Tax ("CGT") purposes. If the price of the shares when they are sold is greater than the price of the shares when you originally purchased them, then you may need to pay CGT on this gain. CGT is only payable if your total gain, less any allowable losses, from all sources, for the whole tax year, is more than your CGT allowance.

The information here is based on current UK legislation and HM Revenue & Customs ("HMRC") practice in force at the time of writing and does not constitute legal or tax advice and applies only to UK investors holding shares in the Funds as investments.

Investors should consult their own professional advisers as to the implications of switching or selling their shares in the Fund(s) under the laws of the jurisdiction in which they may be subject to tax.