Asset Management

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).

29 November 2024

IMPORTANT INFORMATION ABOUT YOUR INVESTMENT IN THE DEVELOPED WORLD SUSTAINABLE EQUITY INDEX FUND AND/OR USA SUSTAINABLE EQUITY INDEX FUND

Dear Investor,

We, HSBC Asset Management (Fund Services UK) Limited, are writing to let you know that we are making some changes to the Developed World Sustainable Equity Index Fund and USA Sustainable Equity Index Fund (in this letter these are referred to as the “Funds”).

This letter is intended to explain the changes we are making. To answer any questions you may have, we have also included Questions and Answers at the end of this letter. However, if you have any other questions or require further information you can contact us using the details shown at the top of this letter.

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

What are the changes and why are they necessary?

We are making changes to the names of the Funds as set out in the table below. At the same time, we are enhancing the information we provide to our investors relating to the Funds.

Current Name	New Name
Developed World Sustainable Equity Index Fund	Developed World Lower Carbon ESG Tilt Equity Index Fund
USA Sustainable Equity Index Fund	USA Lower Carbon ESG Tilt Equity Index Fund

HSBC Asset Management (Fund Services UK) Limited
Forum One, Parkway, Whiteley, Fareham PO15 7PA
Web: www.assetmanagement.hsbc.co.uk

Changing the names of the Funds will not change the way they invest or the assets they invest in. The changes are necessary to comply with the Financial Conduct Authority's ("FCA") new UK Sustainability Disclosure Requirements ("SDR"). SDR is a new set of regulations intended to help investors navigate the market for sustainable investment products.

SDR introduces voluntary sustainability labels that funds with sustainability goals can use if they meet certain pre-defined standards. It also introduces new naming and marketing rules for funds. Funds without a sustainability label are no longer allowed to use words such as "sustainable", "sustainability", "impact" or any other variation of those terms in their names.

The indices the Funds track were not designed to meet the sustainability label requirements and so it is not intended that the Funds will use a sustainability label for the time being. This means we are required to remove the term "Sustainable" from the names of the Funds.

Why have the new names been chosen?

As well as complying with the new rules, changing the names of the Funds will bring more consistency between the Fund names and the names of the indices they track, which have "ESG Low Carbon" in their names.

The term "Lower Carbon" in the new names of the Funds references the indices' aim to achieve, at every annual rebalance, a reduction in carbon emissions and fossil fuel reserves being 50% less than average carbon emissions intensity and fossil fuel reserves of the assets represented by the relevant Parent Index.

The term "ESG Tilt" in the new names of the Funds references the indices' aims being, at every annual rebalance, to increase their average FTSE Russell ESG rating to being 20% higher than that of the relevant Parent Index. Tilting is the process of changing constituent weightings based on certain criteria to increase or decrease their size in an index.

Importantly, while the names of the Funds are changing, their overall aims including their sustainability characteristics and the indices they track, being the FTSE Developed World ESG Low Carbon Select Index or FTSE USA ESG Low Carbon Select Index, will remain unchanged.

In the Questions and Answers included at the end of this letter, we have explained the change to the names of the Funds, and rationale for doing so, in more detail.

What enhanced information will be provided for the Funds?

In addition to introducing new rules regarding sustainability labels and naming and marketing, SDR requires us to include more detailed information on the sustainability aspects of the Funds' strategies.

The Prospectus is being updated to include further detailed disclosures on the Funds' sustainability characteristics and to introduce sustainability metrics that will be reported against on an ongoing basis. These can be found in the new sections named "Sustainability related pre-contractual disclosures", found within Appendix 1 of the Prospectus.

We are also introducing a new consumer facing disclosure document. This document will contain a summary of the key sustainability related features of the Funds in an easy-to-read format.

A comparison of the current and revised Prospectus wording for each of the Funds is shown in full in the Questions and Answers. We're also amending the Key Investor Information Document ("KIID") for each of the Funds to reflect the changes.

When will the changes become effective?

The change to the Fund names will take effect on 14 January 2025.

On this date the revised Prospectus, KIID and the new consumer facing disclosure document will be available on the HSBC Global Asset Management (UK) Limited website, www.assetmanagement.hsbc.co.uk, select "Fund Centre" 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 this letter.

What do 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.

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

Matthew Higginbotham
Chief Executive Officer
HSBC Asset Management (Fund Services UK) Limited

Important Information

To help improve our service and in the interests of security we may record and/or monitor your communication with us. HSBC Asset Management (Fund Services 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 Asset Management (Fund Services UK) Limited, which is authorised and regulated by the Financial Conduct Authority.

The Funds are sub-funds of HSBC Index Tracker Investment Funds an Open Ended Investment Company that is authorised in the UK by the Financial Conduct Authority. The Authorised Corporate Director is HSBC Asset Management (Fund Services UK) Limited. The Investment Manager is HSBC Global Asset Management (UK) Limited. All applications are made on the basis of the HSBC Index Tracker Investment Funds 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. These documents are also available on www.assetmanagement.hsbc.co.uk. You will need to select “Fund Centre” and locate and select the relevant Fund from the list of funds available.

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 Asset Management (Fund Services UK) Limited.

www.assetmanagement.hsbc.com/uk

QUESTIONS AND ANSWERS

What changes are being made?

The names of the two funds (the "Funds") below will be changed to remove the term "Sustainable" and introduce "Lower Carbon ESG Tilt" to describe their sustainability characteristics. Their new names are:

Current Name	New Name
Developed World Sustainable Equity Index Fund	Developed World Lower Carbon ESG Tilt Equity Index Fund
USA Sustainable Equity Index Fund	USA Lower Carbon ESG Tilt Equity Index Fund

The change to the Fund names will take effect on 14 January 2025.

Why are the names of the Funds being changed to remove the word "sustainable"?

Following publication of the new UK Sustainability Disclosure Requirements (referred to as 'SDR'), which includes rules around the naming and marketing of UK funds, the UK financial regulator (the FCA) has set new and specific requirements regarding fund naming conventions that were not in place when the Funds were launched. This includes a restriction on the use of certain terms, and specifically the FCA now only permits the use of "sustainable", "sustainability", "impact" or any other variation of those terms in the name of funds that have a sustainability label. These rules become effective on 2 December 2024 or 2 April 2025 in certain circumstances.

Four labels have been introduced by the FCA, each subject to pre-defined criteria. There is no obligation on firms to apply for a sustainability label.

As we do not intend to apply for a sustainability label at this time, we are renaming the Funds to remove the term "Sustainable" in order to comply with the new rules. We will continue to review whether it is appropriate to apply for a sustainability label at a future date.

Why has the ACD decided not to apply for a sustainability label for the Funds?

In order for an index tracking fund to adopt a sustainability label, SDR requires the indices they track to meet the pre-defined criteria of the sustainability label. The indices tracked by the Funds were developed prior to SDR and were therefore not designed to meet the specific requirements detailed for any label. Given this, the Funds have not applied for a label.

How are funds categorised under SDR?

Funds that are in scope of the SDR regulation can be grouped into three categories as follows:

- Those that apply for a sustainability label, and therefore must meet the specific label requirements as detailed by the FCA;
- Those that have material sustainability characteristics, but do not apply for a sustainability label, sometimes referred to as "unlabelled ESG funds"; and
- Those that do not have material sustainability characteristics.

The Funds will fall into the second group being those that have material sustainability characteristics. This means they must comply with certain rules, such as ensuring their sustainability characteristics are material to the Funds and therefore the investment objective and strategy. In addition, they must comply with the new SDR naming and marketing rules, as well as with new disclosure requirements.

Why were the Funds originally called "Sustainable"?

The Developed World Sustainable Equity Index Fund was launched in December 2020, with the USA Sustainable Equity Index Fund launching in March 2022. Both Funds were authorised by the FCA and launched prior to the introduction of the SDR and its naming requirements.

The Funds included the word "Sustainable" in their names because it was deemed an appropriate reflection of the Funds' sustainability characteristics. The Funds were created with an objective to track indices that seek to achieve a reduction in carbon emissions and fossil fuel reserves exposure and an improvement of the FTSE Russell ESG rating against that of the FTSE Developed Index or FTSE USA Index (the 'Parent Indices'). The indices achieve this in the following ways:

1. on an annual basis in September, stocks are removed based on sustainability exclusionary criteria.
2. on an annual basis, the weights of the remaining companies within the Parent Indices are adjusted also according to carbon emissions intensity, fossil fuel reserves intensity and FTSE Russell ESG ratings based criteria
3. on a quarterly basis, removing companies considered to be non-compliant with one or more of the UNGC principles

Are there any plans for the Funds to have an SDR label in the future?

At present we are not applying for the Funds to have a label. However, the ACD will keep the Funds under review and may determine at a future date that it is appropriate for the Funds to apply for a label. Investors will be notified if this occurs.

Why have the new names been chosen?

The new names of the Funds will comply with SDR and will reflect the names of the indices that they track and in turn refer to the sustainability features of the indices.

Indices:

- FTSE Developed World ESG Low Carbon Select Index
- FTSE USA ESG Low Carbon Select Index

Will there be any change to the objectives, policies and strategies of the Funds or to the indices tracked?

There are no changes to the investment objective, investment policy, investment strategy or risk profile of the Funds and there will be no change to the indices they track. The update to Funds' disclosures are intended to provide more clarity on the sustainability characteristics of the Funds and comply with the new SDR requirements.

What is the current and revised investment objective, investment policy, investment strategy wording and description of sustainability characteristics for each of the Funds?

The tables below show the current and revised Prospectus language for the Funds together with the description of sustainability characteristics for each of the Funds. For clarity, in the Revised Wording section we have indicated text that has been added to or deleted from the current Prospectus language.

We include descriptions of the words and phrases shown in bold italic text in the Prospectus and in our Glossary document, which is available on the HSBC Global Asset Management (UK) Limited website, www.assetmanagement.hsbc.co.uk, select "Fund Centre" 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.

Developed World Sustainable Equity Index Fund, to be renamed to Developed World Lower Carbon ESG Tilt Equity Index Fund	
Current Wording	**Revised Wording**
Investment Objective The Fund aims to track the performance of the FTSE Developed ESG Low Carbon Select Index (the "Index") before the deduction of charges.	**Investment Objective** **No change**
Investment Policy To achieve its investment objective, the Fund will invest directly in shares (***equities***) of companies that	**Investment Policy** **No change**

make up the FTSE Developed ESG Low Carbon Select Index. The Fund may also invest in the following assets which are not part of the Index: • cash to manage day-to-day cash flow requirements; • units or shares of ***collective investment schemes***, including ***collective investment schemes*** managed or operated by the ***HSBC Group*** in order to manage day-to-day cash flow requirements; • ***equity*** related securities such as American ***Depositary Receipts*** and Global ***Depositary Receipts*** (which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer) in order to achieve exposure to a stock instead of using a physical security. The Fund may use ***derivatives*** for ***efficient portfolio management*** including hedging, which means investment techniques that aim to reduce risks, reduce costs or generate ***growth*** and ***income***. The Fund does not intend to use ***derivatives*** extensively and their use will be consistent with the risk profile of the Fund. The Fund may sometimes not invest in all of the companies that make up the Index in circumstances where the ACD determines that this is appropriate for reasons of poor ***liquidity***, excessive cost to the Fund or where there are investment restrictions due to regulations or the ACD's banned weapons policy or other investment restrictions to which the ACD is bound.	
Investment Strategy **Use of benchmark** The Fund will invest in all of the companies that make up the FTSE Developed ESG Low Carbon Select Index and in the same or very similar proportions in which they are included in the Index. However, from time to time, the Fund may not hold all of the companies that make up the Index in order to: •manage the Fund's transaction costs; •maintain the Fund's characteristics during different market environments and differing levels of asset availability (i.e. poor ***liquidity***); or •where there are investment restrictions due to regulations or the ACD's banned weapons policy or other investment restrictions to which the ACD is bound. The investment restrictions are detailed in Part B of the Investment Powers and Restrictions section. The collective investment schemes that the Fund is permitted to invest into may have different characteristics to those of the Index.	**Investment Strategy** **No change**

The Fund's performance is measured against the Index, because the Fund intends to track the performance of the Index.

The Fund uses a ***tracking error*** to measure the consistency between the Fund's performance and the performance of the Index. In general, the lower the ***tracking error***, the more consistent the Fund's performance is relative to the Index, and vice-versa.

The anticipated ***tracking error*** for the Fund is expected to be up to 0.10%.

The anticipated ***tracking error*** for the Fund is not a guide to future performance. The difference in timing between the Fund Valuation (12 noon UK time) and the Index calculation (close of business) can impact on the ***tracking error***.

Use of derivatives

The Fund may invest in ***exchange traded*** and ***over-the-counter derivatives*** in accordance with Part C and Part D of Appendix 3. In particular, ***exchange traded futures*** may be used to increase or reduce exposure to companies that make up the Index. ***Contracts for differences*** may be used to gain exposure to companies that make up the Index. The Fund may invest up to 10% of its assets in ***contracts for differences***, however such investments are not generally expected to exceed 5% of its assets. The derivatives that the Fund is permitted to invest into may have different characteristics to those of the Index.

About the Index

The FTSE Developed ESG Low Carbon Select Index is comprised of mid and large cap stocks from developed markets. The Index seeks to achieve a reduction in carbon emissions and fossil fuel reserves exposure and an improvement of the FTSE Russell ESG rating against that of the FTSE Developed Index (the 'Parent Index').

The Index achieves this in the following ways:

1. on an annual basis in September, stocks are removed based on sustainability exclusionary criteria. The following types of companies are removed from the Index on an annual basis due to the sustainability exclusionary criteria. For some of the criteria companies are excluded if they have any involvement in the excluded activity, whereas for some of the criteria a threshold applies, for example companies are excluded if over 10% of their revenues are generated from the excluded activity:

    a. companies identified as involved in providing core weapons systems, or

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The Index achieves this in the following ways:

1. on an annual basis in September, stocks are removed based on sustainability exclusionary criteria. The following types of companies are removed from the Index on an annual basis due to the sustainability exclusionary criteria. For some of the criteria companies are excluded if they have any involvement in the excluded activity, whereas for some of the criteria a threshold applies, for example companies are excluded if over 10% of their revenues are generated from the excluded activity:

    a. companies identified as involved in providing core weapons systems, or

components/services that are considered tailor-made and essential for banned and controversial weapons (including anti-personnel mines, nuclear weapons, cluster weapons, biological and chemical weapons, depleted uranium, and white phosphorus munitions); b. companies identified as involved in providing tailor-made products and/or services that support military weapons or companies manufacturing military weapon systems and/or integral, tailor-made components for conventional military weapons; c. companies identified as involved in the manufacturing of tobacco products; d. companies identified as involved in the distribution or retail sales of tobacco products; e. companies identified as involved in producing adult entertainment and/or owning/operating adult entertainment establishments; f. companies identified as involved in distributing adult entertainment materials; g. companies identified as involved in owing and/or operating a gambling establishment; h. companies identified as involved in manufacturing specialized equipment used exclusively for gambling; i. companies identified as involved in providing supporting products/services to gambling operations; j. companies identified as involved with thermal coal extraction; k. companies identified as involved with electricity generation from thermal coal; l. companies identified as involved with electricity generation from nuclear power; and m. companies identified as involved in controversies related to the United Nations Global Compact (UNGC) principles. The principles are classified into four categories: human rights, labour, environment and anti-corruption; 2. on an annual basis in September, the weights of the remaining companies within the Parent Index are adjusted according to carbon emissions intensity[1], fossil fuel reserves intensity and FTSE Russell ESG ratings[2] based criteria. The Index also aims to maintain country neutrality and limit industry	components/services that are considered tailor-made and essential for banned and controversial weapons (including anti-personnel mines, nuclear weapons, cluster weapons, biological and chemical weapons, depleted uranium, and white phosphorus munitions); b. companies identified as involved in providing tailor-made products and/or services that support military weapons or companies manufacturing military weapon systems and/or integral, tailor-made components for conventional military weapons; c. companies identified as involved in the manufacturing of tobacco products; d. companies identified as involved in the distribution or retail sales of tobacco products; e. companies identified as involved in producing adult entertainment and/or owning/operating adult entertainment establishments; f. companies identified as involved in distributing adult entertainment materials; g. companies identified as involved in owing and/or operating a gambling establishment; h. companies identified as involved in manufacturing specialized equipment used exclusively for gambling; i. companies identified as involved in providing supporting products/services to gambling operations; j. companies identified as involved with thermal coal extraction; k. companies identified as involved with electricity generation from thermal coal; l. companies identified as involved with electricity generation from nuclear power; and m. companies identified as involved in controversies related to the United Nations Global Compact (UNGC) principles. The principles are classified into four categories: human rights, labour, environment and anti-corruption; 2. on an annual basis in September, ~~the weights of~~ the remaining companies within the Parent Index ~~are adjusted~~ have their weightings tilted according to carbon emissions intensity[1], fossil fuel reserves intensity and FTSE Russell ESG ratings[2] based criteria. Tilting is the process of changing constituent

divergence against the Parent Index by maintaining maximum stock weights of 10% and minimum stock weights of 0.5 bps[3]; and

3. on a quarterly basis, removing companies considered to be non-compliant with one or more of the UNGC principles.

Due to the rating criteria and exclusions referred to above, the Index will have a smaller number of constituents compared to the Parent Index and therefore, is likely to exhibit a different performance and risk profile. Furthermore, as some of the exclusions are applied after the annual rebalance, the Index is unlikely to maintain the capping criteria of the Parent Index and country neutrality. In addition, the level of ESG improvement, carbon reduction and fossil fuel reserves exposure may change from the levels initially set. All of the aforementioned levels will also vary over time with stock price movements.

The Index will be rebalanced on a quarterly basis (i.e. in March, June, September and December) in order to account for the UNGC exclusions criteria described above along with changes to the Parent Index. Each company's carbon footprint, fossil fuel reserves exposure and FTSE Russell ESG rating is assessed on an annual basis.

The Index is net of tax that applies to sub-funds of UK domiciled open-ended investment companies. The Index incorporates declared dividends adjusted by the withholding tax rates applicable to dividends received by such sub-funds.

The information above is a summary of the Index methodology. Investors may obtain a description of the Index rules and the latest available information on closing levels and constituents from the website of the Index provider as follows:

Closing levels: www.ftserussell.com and choose Indexes / Resources / Historic Index Values and then choose FTSE Developed ESG Low Carbon Select Index.

Constituents: www.ftserussell.com and choose Indexes / Resources / Constituents and Weights then choose FTSE Developed ESG Low Carbon Select Index.

Footnotes:

[1] Carbon emissions are measured as Greenhouse Gas (GHG) Protocol Scope 1 and 2 emissions and intensity is calculated as operational carbon emissions in metric tons per million dollars revenue.

[2] Each company in the Index is assigned an ESG rating using the FTSE Russell ESG ratings. Companies with higher ESG ratings will have their weights increased, while companies with lower ESG ratings will have their weights decreased.

weightings to increase or decrease their size in the Index. FTSE Russell ESG ratings are a measure of the overall quality of a company's management of issues associated with three ESG pillars, being environmental, social, and governance, whereby each pillar has several themes against which companies are assessed. These themes range from climate change to health and safety and tax transparency. A number of underlying indicators are used to determine the overall FTSE Russell ESG rating. The Index also aims to maintain country neutrality and to limit industry divergence against the Parent Index ~~by~~ and to maintain~~ing~~ maximum stock weights of 10% and minimum stock weights of 0.5 bps[3]; and

3. on a quarterly basis, removing companies considered to be non-compliant with one or more of the UNGC principles.

Due to the rating criteria and exclusions referred to above, the Index will have a smaller number of constituents compared to the Parent Index and therefore, is likely to exhibit a different performance and risk profile. Furthermore, as some of the exclusions are applied after the annual rebalance, the Index is unlikely to maintain the ~~capping criteria of the Parent Index~~ industry divergence, stock weight limitations and country neutrality described above~~. In addition~~, and the level of the FTSE Russell ESG rating improvement, carbon intensity reduction and fossil fuel reserves exposure may change from the levels initially set. All of the aforementioned levels will also vary ~~over time with~~ between annual rebalances when the sustainability aims are implemented. This is due to stock price movements and therefore changes to the weighting of companies in the Index.

The Index will be rebalanced on a quarterly basis (i.e. in March, June, September and December) in order to account for the UNGC exclusions criteria described above along with changes to the Parent Index. Each company's carbon footprint, fossil fuel reserves exposure and FTSE Russell ESG rating is assessed on an annual basis.

The Index is net of tax that applies to sub-funds of UK domiciled open-ended investment companies. The Index uses declared dividends adjusted by the withholding tax rates applicable to dividends received by such sub-funds.

The information above is a summary of the Index methodology. Investors may obtain a description of the Index rules and the latest available information on closing levels and constituents from the website of the Index provider as follows:

Closing levels: www.ftserussell.com and choose Indexes / Resources / Historic Index Values and then

[3] Industry (and stock) weight positions will change versus the Parent Index due to the application of the exclusion criteria and also stock price movements.	choose FTSE Developed ESG Low Carbon Select Index. Constituents: www.ftserussell.com and choose Indexes / Resources / Constituents and Weights then choose FTSE Developed ESG Low Carbon Select Index. **Footnotes:** [1] Carbon emissions are measured as Greenhouse Gas (GHG) Protocol Scope 1 and 2 emissions and intensity is calculated as operational carbon emissions in metric tons per million dollars revenue. GHG Protocol Scope 3 emissions are not considered in the calculation. Whilst it is recognised that Scope 3 emissions are important for a full understanding of climate change related risks, Scope 3 emissions data is not currently widely available, has poor data quality, and low overall data comparability across companies. [2] Each company in the Index is assigned an ESG rating using the FTSE Russell ESG ratings. Companies with higher ESG ratings will have their weights increased, while companies with lower ESG ratings will have their weights decreased. [3] Industry (and stock) weight positions will change versus the Parent Index due to the application of the exclusion criteria and also stock price movements.
Sustainability-related Pre-contractual Disclosures **Not applicable, new section**	**Sustainability-related Pre-contractual Disclosures** This Fund does not have a UK sustainable investment label, as defined by the FCA's Sustainability Disclosure Requirements ('SDR'), although it has some sustainability characteristics further described below. Sustainable investment labels help investors find products that have a specific sustainability goal. The use of sustainability labels is voluntary and requires funds to meet specific requirements set out by the FCA. The Fund does not have a UK sustainable investment label since the Index it tracks has not been designed to meet the FCA's specific label requirements. While the Fund does not pursue specific sustainability goals as defined by SDR, it does consider several sustainability characteristics as part of its investment approach, as further described here and in the 'About the Index' section above. **Sustainability characteristics** By investing in all of the companies that make up Index in the same, or very similar, proportions in which they are included in the Index, the Fund promotes the following sustainability characteristics:

	• At the point of the annual rebalance, it aims to achieve an overall reduction in carbon emissions intensity and fossil fuel reserves being 50% less than average carbon emissions and fossil fuel reserves of the assets represented by the Parent Index; and • At the point of the annual rebalance, it aims to achieve an overall improvement in the average FTSE Russell ESG rating being 20% higher than the average of the assets represented by the Parent Index. Individual companies held may have a larger or smaller reduction in carbon emission intensity and fossil fuel reserves, or improvement in FTSE Russell ESG rating, than the overall aims detailed above. At each annual rebalance the ACD will review the Index to ensure the sustainability characteristics of the Index have been met. The limitations on industry divergence, stock weightings and country neutrality, further described in the 'About the Index' section, may prevent the Index from tilting constituent weighting to the extent required to fully meet its carbon emissions intensity, fossil fuel reserves and ESG ratings aims outlined above. In addition, the aforementioned levels will also vary over time between annual rebalances when the sustainability aims are implemented, due to stock price and therefore weighting movements in the Index. **Sustainability metrics** To demonstrate the outcome of the Fund's sustainability characteristics, the following metrics will be published in the Fund's annual SDR product report and the consumer facing disclosure document: • weighted average carbon intensity of the Fund relative to the weighted average carbon intensity of the Parent Index; • weighted average fossil fuel reserves of the Fund relative to the weighted average fossil fuel reserves of the Parent Index; and • weighted average FTSE Russell ESG Score of the Fund relative to the weighted average FTSE Russell ESG Score of the Parent Index. As weighted average figures, these metrics sum the relevant data of each holding, weighted by the allocation to those holdings, across the Fund or the Parent Index, as the case may be. The calculation excludes any assets for which data is unavailable. Reported metrics are dependent on the chosen vendor's data quality and availability of metrics as at the reporting date. Full details regarding data coverage will be disclosed in the ACD's regular reporting.

USA Sustainable Equity Index Fund, to be renamed to USA Lower Carbon ESG Tilt Equity Index Fund	
Current Wording	**Revised Wording**
Investment Objective The Fund aims to track the performance of the FTSE USA ESG Low Carbon Select Index (the "Index") before the deduction of charges.	**Investment Objective** **No change**
Investment Policy To achieve its investment objective, the Fund will invest directly in shares (***equities***) of companies that make up the FTSE USA ESG Low Carbon Select Index. The Fund may also invest in the following assets which are not part of the Index: • cash to manage day-to-day cash flow requirements; • units or shares of ***collective investment schemes***, including ***collective investment schemes*** managed or operated by the ***HSBC Group*** in order to manage day-to-day cash flow requirements; • ***equity*** related securities such as American ***Depositary Receipts*** and Global ***Depositary Receipts*** (which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer) in order to achieve exposure to a stock instead of using a physical security. The Fund may use ***derivatives*** for ***efficient portfolio management*** including hedging, which means investment techniques that aim to reduce risks, reduce costs or generate ***growth*** and ***income***. The Fund does not intend to use ***derivatives*** extensively and their use will be consistent with the risk profile of the Fund. The Fund may sometimes not invest in all of the companies that make up the Index in circumstances where the ACD determines that this is appropriate for reasons of poor ***liquidity***, excessive cost to the Fund or where there are investment restrictions due to regulations or the ACD's banned weapons policy or other investment restrictions to which the ACD is bound.	**Investment Policy** **No change**
Investment Strategy **Use of benchmark** The Fund will invest in all of the companies that make up the FTSE USA ESG Low Carbon Select Index and in the same or very similar proportions in which they are included in the Index. However, from time to time, the Fund may not hold all of the companies that make up the Index in order to: •manage the Fund's transaction costs;	**Investment Strategy** **No change**

•maintain the Fund's characteristics during different market environments and differing levels of asset availability (i.e. poor ***liquidity***); or •where there are investment restrictions due to regulations or the ACD's banned weapons policy or other investment restrictions to which the ACD is bound. The investment restrictions are detailed in Part B of the Investment Powers and Restrictions section. The collective investment schemes that the Fund is permitted to invest into may have different characteristics to those of the Index. The Fund's performance is measured against the Index, because the Fund intends to track the performance of the Index. The Fund uses a ***tracking error*** to measure the consistency between the Fund's performance and the performance of the Index. In general, the lower the ***tracking error***, the more consistent the Fund's performance is relative to the Index, and vice-versa. The anticipated ***tracking error*** for the Fund is expected to be up to 0.10%. The anticipated ***tracking error*** for the Fund is not a guide to future performance. The difference in timing between the Fund Valuation (12 noon UK time) and the Index calculation (close of business) can impact on the ***tracking error***. **Use of derivatives** The Fund may invest in ***exchange traded*** and ***over-the-counter derivatives*** in accordance with Part C and Part D of Appendix 3. In particular, ***exchange traded futures*** may be used to increase or reduce exposure to companies that make up the Index. ***Contracts for differences*** may be used to gain exposure to companies that make up the Index. The Fund may invest up to 10% of its assets in ***contracts for differences***, however such investments are not generally expected to exceed 5% of its assets. The derivatives that the Fund is permitted to invest into may have different characteristics to those of the Index.	

About the Index

The FTSE USA ESG Low Carbon Select Index is comprised of mid and large cap stocks from US markets. The Index seeks to achieve a reduction in carbon emissions and fossil fuel reserves exposure and an improvement of the FTSE Russell ESG rating against that of the FTSE USA Index (the ‘Parent Index’).

The Index achieves this in the following ways:

1. on an annual basis in September, stocks are removed based on sustainability exclusionary criteria. The following types of companies are removed from the Index on an annual basis due to the sustainability exclusionary criteria. For some of the criteria companies are excluded if they have any involvement in the excluded activity, whereas for some of the criteria a threshold applies, for example companies are excluded if over 10% of their revenues are generated from the excluded activity:

    a. companies identified as involved in providing core weapons systems, or components/services that are considered tailor-made and essential for banned and controversial weapons (including anti-personnel mines, nuclear weapons, cluster weapons, biological and chemical weapons, depleted uranium, and white phosphorus munitions);
    b. companies identified as involved in providing tailor-made products and/or services that support military weapons or companies manufacturing military weapon systems and/or integral, tailor-made components for conventional military weapons;
    c. companies identified as involved in the manufacturing of tobacco products;
    d. companies identified as involved in the distribution or retail sales of tobacco products;
    e. companies identified as involved in producing adult entertainment and/or owning/operating adult entertainment establishments;
    f. companies identified as involved in distributing adult entertainment materials;
    g. companies identified as involved in owing and/or operating a gambling establishment;
    h. companies identified as involved in manufacturing specialized equipment used exclusively for gambling;

About the Index

The FTSE USA ESG Low Carbon Select Index is comprised of mid and large cap stocks from US markets. The Index seeks to achieve a reduction in carbon emissions and fossil fuel reserves exposure and an improvement of the FTSE Russell ESG rating against that of the FTSE USA Index (the ‘Parent Index’).

The Index achieves this in the following ways:

1. on an annual basis in September, stocks are removed based on sustainability exclusionary criteria. The following types of companies are removed from the Index on an annual basis due to the sustainability exclusionary criteria. For some of the criteria companies are excluded if they have any involvement in the excluded activity, whereas for some of the criteria a threshold applies, for example companies are excluded if over 10% of their revenues are generated from the excluded activity:

    a. companies identified as involved in providing core weapons systems, or components/services that are considered tailor-made and essential for banned and controversial weapons (including anti-personnel mines, nuclear weapons, cluster weapons, biological and chemical weapons, depleted uranium, and white phosphorus munitions);
    b. companies identified as involved in providing tailor-made products and/or services that support military weapons or companies manufacturing military weapon systems and/or integral, tailor-made components for conventional military weapons;
    c. companies identified as involved in the manufacturing of tobacco products;
    d. companies identified as involved in the distribution or retail sales of tobacco products;
    e. companies identified as involved in producing adult entertainment and/or owning/operating adult entertainment establishments;
    f. companies identified as involved in distributing adult entertainment materials;
    g. companies identified as involved in owing and/or operating a gambling establishment;
    h. companies identified as involved in manufacturing specialized equipment used exclusively for gambling;

i. companies identified as involved in providing supporting products/services to gambling operations;
j. companies identified as involved with thermal coal extraction;
k. companies identified as involved with electricity generation from thermal coal;
l. companies identified as involved with electricity generation from nuclear power; and
m. companies identified as involved in controversies related to the United Nations Global Compact (UNGC) principles. The principles are classified into four categories: human rights, labour, environment and anti-corruption;

2. on an annual basis in September, the weights of the remaining companies within the Parent Index are adjusted according to carbon emissions intensity[4], fossil fuel reserves intensity and FTSE Russell ESG ratings[5] based criteria. The Index also aims to limit industry divergence against the Parent Index by maintaining maximum stock weights of 10% and minimum stock weights of 0.5 bps[6]; and

3. on a quarterly basis, removing companies considered to be non-compliant with one or more of the UNGC principles.

Due to the rating criteria and exclusions referred to above, the Index will have a smaller number of constituents compared to the Parent Index and therefore, is likely to exhibit a different performance and risk profile. Furthermore, as some of the exclusions are applied after the annual rebalance, the Index is unlikely to maintain the capping criteria of the Parent Index. In addition, the level of ESG improvement, carbon reduction and fossil fuel reserves exposure may change from the levels initially set. All of the aforementioned levels will also vary over time with stock price movements.

The Index will be rebalanced on a quarterly basis (i.e. in March, June, September and December) in order to account for the UNGC exclusions criteria described above along with changes to the Parent Index. Each company's carbon footprint, fossil fuel reserves exposure and FTSE Russell ESG rating is assessed on an annual basis.

The Index is net of tax that applies to sub-funds of UK domiciled open-ended investment companies. The Index incorporates declared dividends adjusted by the withholding tax rates applicable to dividends received by such sub-funds.

i. companies identified as involved in providing supporting products/services to gambling operations;
j. companies identified as involved with thermal coal extraction;
k. companies identified as involved with electricity generation from thermal coal;
l. companies identified as involved with electricity generation from nuclear power; and
m. companies identified as involved in controversies related to the United Nations Global Compact (UNGC) principles. The principles are classified into four categories: human rights, labour, environment and anti-corruption;

2. on an annual basis in September, the ~~weights of the~~ remaining companies ~~with~~in the Parent Index ~~are adjusted~~ have their weightings tilted according to carbon emissions intensity[4], fossil fuel reserves intensity and FTSE Russell ESG ratings[5] based criteria. Tilting is the process of changing constituent weightings to increase or decrease their size in the Index. FTSE Russell ESG ratings are a measure of the overall quality of a company's management of issues associated with three ESG pillars, being environmental, social, and governance, whereby each pillar has several themes against which companies are assessed. These themes range from climate change to health and safety and tax transparency. A number of underlying indicators are used to determine the overall FTSE Russell ESG rating. The Index also aims to limit industry divergence against the Parent Index ~~by~~ and to maintain~~ing~~ maximum stock weights of 10% and minimum stock weights of 0.5 bps[6]; and

3. on a quarterly basis, removing companies considered to be non-compliant with one or more of the UNGC principles.

Due to the rating criteria and exclusions referred to above, the Index will have a smaller number of constituents compared to the Parent Index and therefore, is likely to exhibit a different performance and risk profile. Furthermore, as some of the exclusions are applied after the annual rebalance, the Index is unlikely to maintain the ~~capping criteria of the Parent Index. In addition~~ industry divergence, and stock weight limitations described above and the level of FTSE Russell ESG rating improvement, carbon intensity reduction and fossil fuel reserves exposure may change from the levels initially set. All of the aforementioned levels will also vary ~~over time with~~ between annual rebalances when the sustainability

The information above is a summary of the Index methodology. Investors may obtain a description of the Index rules and the latest available information on closing levels and constituents from the website of the Index provider as follows:

Closing levels: www.ftserussell.com and choose Indexes / Resources / Historic Index Values and then choose FTSE USA ESG Low Carbon Select Index.

Constituents: www.ftserussell.com and choose Indexes / Resources / Constituents and Weights then choose FTSE USA ESG Low Carbon Select Index.

Footnotes:

[4] Carbon emissions are measured as Greenhouse Gas (GHG) Protocol Scope 1 and 2 emissions and intensity is calculated as operational carbon emissions in metric tons per million dollars revenue.

[5] Each company in the Index is assigned an ESG rating using the FTSE Russell ESG ratings. Companies with higher ESG ratings will have their weights increased, while companies with lower ESG ratings will have their weights decreased.

[6] Industry (and stock) weight positions will change versus the Parent Index due to the application of the exclusion criteria and also stock price movements.

aims are implemented. This is due to stock price movements and therefore changes to the weighting of companies in the Index.

The Index will be rebalanced on a quarterly basis (i.e. in March, June, September and December) in order to account for the UNGC exclusions criteria described above along with changes to the Parent Index. Each company's carbon footprint, fossil fuel reserves exposure and FTSE Russell ESG rating is assessed on an annual basis.

The Index is net of tax that applies to sub-funds of UK domiciled open-ended investment companies. The Index incorporates declared dividends adjusted by the withholding tax rates applicable to dividends received by such sub-funds.

The information above is a summary of the Index methodology. Investors may obtain a description of the Index rules and the latest available information on closing levels and constituents from the website of the Index provider as follows:

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Constituents: www.ftserussell.com and choose Indexes / Resources / Constituents and Weights then choose FTSE USA ESG Low Carbon Select Index.

Footnotes:

[4] Carbon emissions are measured as Greenhouse Gas (GHG) Protocol Scope 1 and 2 emissions and intensity is calculated as operational carbon emissions in metric tons per million dollars revenue. GHG Protocol Scope 3 emissions are not considered in the calculation. Whilst it is recognised that Scope 3 emissions are important for a full understanding of climate change related risks, Scope 3 emissions data is not currently widely available, has poor data quality, and low overall data comparability across companies.

[5] Each company in the Index is assigned an ESG rating using the FTSE Russell ESG ratings. Companies with higher ESG ratings will have their weights increased, while companies with lower ESG ratings will have their weights decreased.

[6] Industry (and stock) weight positions will change versus the Parent Index due to the application of the exclusion criteria and also stock price movements.

Sustainability-related Pre-contractual Disclosures **Not applicable, new section**	**Sustainability-related Pre-contractual Disclosures** This Fund does not have a UK sustainable investment label, as defined by the FCA's Sustainability Disclosure Requirements ('SDR'), although it has some sustainability characteristics further described below. Sustainable investment labels help investors find products that have a specific sustainability goal. The use of sustainability labels is voluntary and requires funds to meet specific requirements set out by the FCA. The Fund does not have a UK sustainable investment label since the Index it tracks has not been designed to meet the FCA's specific label requirements. While the Fund does not pursue specific sustainability goals as defined by SDR, it does consider several sustainability characteristics as part of its investment approach, as further described here and in the 'About the Index' section above. **Sustainability characteristics** By investing in all of the companies that make up Index in the same, or very similar, proportions in which they are included in the Index, the Fund promotes the following sustainability characteristics: • At the point of the annual rebalance, it aims to achieve an overall reduction in carbon emissions intensity and fossil fuel reserves being 50% less than average carbon emissions and fossil fuel reserves of the assets represented by the Parent Index; and • At the point of the annual rebalance, it aims to achieve an overall improvement in the average FTSE Russell ESG rating being 20% higher than the average of the assets represented by the Parent Index. Individual companies held may have a larger or smaller reduction in carbon emission intensity and fossil fuel reserves, or improvement in FTSE Russell ESG rating, than the overall aims detailed above. At each annual rebalance the ACD will review the Index to ensure the sustainability characteristics of the Index have been met. The limitations on industry divergence and stock weightings, further described in the 'About the Index' section, may prevent the Index from tilting constituent weighting to the extent required to fully meet its carbon emissions intensity, fossil fuel reserves and ESG ratings aims outlined above. In addition, the aforementioned levels will also vary over time between annual rebalances when the sustainability aims are implemented, due to stock price and therefore weighting movements in the Index.

	Sustainability metrics To demonstrate the outcome of the Fund's sustainability characteristics, the following metrics will be published in the Fund's annual SDR product report and the consumer facing disclosure document. • weighted average carbon intensity of the Fund relative to the weighted average carbon intensity of the Parent Index; • weighted average fossil fuel reserves of the Fund relative to the weighted average fossil fuel reserves of the Parent Index; and • weighted average FTSE Russell ESG Score of the Fund relative to the weighted average FTSE Russell ESG Score of the Parent Index. As weighted average figures, these metrics sum the relevant data of each holding, weighted by the allocation to those holdings, across the Fund or the Parent Index, as the case may be. The calculation excludes any assets for which data is unavailable. Reported metrics are dependent on the chosen vendor's data quality and availability of metrics as at the reporting date. Full details regarding data coverage will be disclosed in the ACD's regular reporting.