

**This document should be read in conjunction with the Prospectus of HSBC Index Tracker Investment Funds dated 2 July 2025 and both together construed as one document. No copy of this document may be distributed in Hong Kong unless it is accompanied by the Prospectus (together with the latest audited annual financial statement and, if later, the most recent unaudited interim report) of the Company.**

**HSBC INDEX TRACKER INVESTMENT FUNDS**

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**HONG KONG COVERING DOCUMENT**

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**Prepared by:  
HSBC Asset Management (Fund Services UK) Limited  
8 Canada Square  
London  
E14 5HQ  
United Kingdom**

## **INVESTMENT OBJECTIVE**

The investment objective of HSBC Index Tracker Investment Funds (the "**Company**") and its sub-funds (the "**Fund(s)**") is to provide long term capital growth by seeking to match the return of the relevant index as set out in the Prospectus (the "**Prospectus**").

## **SPECIAL RISKS**

The special risks of this investment product include (a) index-tracking errors which are likely to be greatest during extreme market volatility and when specific events affect the largest constituent securities of the relevant index (refer to Appendix 2 of the current prospectus for details of anticipated tracking errors for the Funds; (b) concentration risks if a Fund invests predominantly in one geographic area; (c) currency risks where currency movements or exchange rates could have an adverse impact on investment returns; and (d) passive investment risks where the composition of the relevant index may change from time to time or shares currently comprising the relevant index are subsequently delisted and replaced by other shares.

As each of the Funds aim to track the performance of an index, the fund manager does not have the discretion to adapt to changes to the market that the index represents. In particular, falls in the value of the index are expected to result in corresponding falls in the value of the Fund.

The Pacific Index Fund may involve investments in emerging markets, which may involve higher risks than where investment is within a more established market. These risks include changes in political, legal and regulatory environment, the possibility of failed or delayed settlement, registration and custody of securities and the level of investor protection offered.

The Company or State Street Trustees Limited (the "**Depository**"), at the request of the Company, may enter into securities lending transactions in respect of a Fund for the generation of additional income with an acceptable degree of risk. The total value of the property which may at any time be the subject of securities lending transactions will not exceed 29% of the value of the relevant Fund at that time. The major risk relating to securities lending transactions is that the redelivery of the stock may not be completed.

**Please pay particular attention to the information under the heading "Risk Factors" on pages 11 to 14 of this document and the "Risks" section of the Prospectus.**

**Please note that it is possible that an investor may lose a substantial part of their investment.**

## **HSBC INDEX TRACKER INVESTMENT FUNDS**

### **INFORMATION FOR HONG KONG INVESTORS**

**IMPORTANT :** If you are in any doubt about the contents of the Prospectus of the Company accompanying this document, or about this document itself, you should seek independent professional financial advice.

**Note:** SFC authorisation is not a recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

**Warning:** In relation to the Funds as set out in the Prospectus, only the following Funds (the “SFC-authorized Funds”) are authorised by the SFC pursuant to section 104 of the Securities and Futures Ordinance and hence may be offered to the public of Hong Kong:

- **FTSE 100 Index Fund\***
- **American Index Fund\*\***
- **European Index Fund\***
- **Japan Index Fund\***
- **Pacific Index Fund\***

Please note that the Prospectus is a global offering document and therefore also contains information of the following Funds which are not authorised by the SFC:

- **Developed World Lower Carbon ESG Tilt Equity Index Fund\***
- **FTSE 250 Index Fund\***
- **FTSE All-Share Index Fund\***
- **FTSE All-World Index Fund\***
- **MSCI Emerging Markets Equity Index Fund\*\*\*\*\***
- **MSCI Emerging Markets ex China Equity Index Fund\*\*\*\*\***
- **S&P 500 Equal Weight Equity Index Fund\*\***
- **Sterling Corporate Bond Index Fund\*\*\***
- **UK Gilt Index Fund\***
- **USA Lower Carbon ESG Tilt Equity Index Fund\***

No offer shall be made to the public of Hong Kong in respect of the above unauthorised Funds. The issue of the Prospectus was authorised by the SFC only in relation to the offer of the above SFC-authorized Funds to the public of Hong Kong.

**Intermediaries should take note of this restriction.**

- \* The Developed World Lower Carbon ESG Tilt Equity Index Fund, European Index Fund, FTSE All-Share Index Fund, FTSE All-World Index Fund, FTSE 100 Index Fund, FTSE 250 Index Fund, Japan Index Fund, Pacific Index Fund, UK Gilt Index Fund and the USA Lower Carbon ESG Tilt Equity Index Fund are not in any way sponsored, endorsed, sold or promoted by FTSE International Limited (“FTSE”) or by the London Stock Exchange Plc (“the Exchange”) or by the Financial Times Limited (“FT”) (together the “Licensor Parties”) and none of the Licensor Parties makes any warranty or representation whatsoever, expressly or implied, either as to the results to be obtained from the FTSE Developed ESG Low Carbon Select Index/FTSE Developed Europe excluding UK Index/FTSE All-Share Index /FTSE All-World Index/ FTSE 100 Index /FTSE 250 Index/ /FTSE Japan Index/FTSE World Asia Pacific excluding Japan Index/FTSE British Government All Stocks Total Return Index/FTSE USA ESG Low Carbon Select Index (the Indices) and/or the figures at which the said Indices stand at any particular time on any particular day or otherwise. The Indices are compiled and calculated by FTSE. None of the Licensor Parties shall be liable (whether in negligence or otherwise) to any person for any error in the Indices and none of the Licensor Parties shall be under an obligation to advise any person of any error therein. "FTSE®" is a trademark of the Exchange and the FT and is used by FTSE under licence. All-Share® is a trade mark of FTSE.
- \*\* Standard & Poor’s and S&P are registered trademarks of Standard & Poor’s Financial Services LLC (“S&P”) and Dow Jones is a registered trademark of Dow Jones Trademark Holdings LLC (“Dow Jones”). The Standard and Poor’s 500 and the Standard and Poor’s 500 Equal Weight Thermal Coal Screened (the “Indices”) are products of S&P Dow Jones Indices LLC, and have been licensed for use by HSBC Asset Management (Fund Services UK) Limited. The American Index Fund and the S&P 500 Equal Weight Equity Index Fund (the “Funds”) are not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices LLC, Dow Jones, S&P, any of their respective affiliates (collectively, “S&P Dow Jones Indices”). S&P Dow Jones Indices does not make any representation or warranty, express or implied, to the owners of the Funds or any member of the public regarding the advisability of investing in securities generally or in the Funds particularly or the ability of the Indices to track general market performance. S&P Dow Jones Indices only relationship to HSBC Asset Management (Fund Services UK) Limited with respect to the Indices is the licensing of the Indices and certain trademarks, service marks and/or trade names of S&P Dow Jones Indices. The Indices are determined, composed and calculated by S&P Dow Jones Indices without regard to HSBC Asset Management (Fund Services UK) Limited or the Funds. S&P Dow Jones Indices have no obligation to take the needs of HSBC Asset Management (Fund Services UK) Limited or the owners of the Funds into consideration in determining, composing or calculating the Indices. S&P Dow Jones Indices are not responsible for and have not participated in the determination of the prices, and amount of the Funds or the timing of the issuance or sale of the Funds or in the determination of the investment strategy of the Funds. S&P Dow Jones Indices have no obligation or liability in connection with the administration, marketing or trading of the Funds. There is no assurance that investment products based on the Indices will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment advisor. Inclusion of a security within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice.

S&P DOW JONES INDICES DOES NOT GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE INDICES OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN.

S&P DOW JONES INDICES MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY HSBC ASSET MANAGEMENT (FUND SERVICES UK) LIMITED, OWNERS OF THE FUNDS, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDICES OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND HSBC ASSET MANAGEMENT (FUND SERVICES UK) LIMITED, OTHER THAN THE LICENSORS OF S&P DOW JONES INDICES.

\*\*\* “iBoxx” is a service mark of Markit Indices Limited and has been licensed for use by HSBC Asset Management (Fund Services UK) Limited.

The Markit iBoxx GBP Non-Gilts Index (the “Index”) referenced herein is the property of Markit Indices Limited (“Index Sponsor”) and has been licensed for use in connection with the Sterling Corporate Bond Index Fund. Potential investors acknowledge and agree that the Sterling Corporate Bond Index Fund is not sponsored, endorsed or promoted by the Index Sponsor. The Index Sponsor makes no representation whatsoever, whether express or implied, and hereby expressly disclaims all warranties (including, without limitation, those of merchantability or fitness for a particular purpose or use), with respect to the Index or any data included therein or relating thereto, and in particular disclaims any warranty either as to the quality, accuracy and/or completeness of the Index or any data included therein, the results obtained from the use of the Index and/or the composition of the Index at any particular time on any particular date or otherwise and/or the creditworthiness of any entity, or the likelihood of the occurrence of a credit event or similar event (however defined) with respect to an obligation, in the Index at any particular time on any particular date or otherwise.

The Index Sponsor shall not be liable (whether in negligence or otherwise) to the parties or any other person for any error in the Index, and the Index Sponsor is under no obligation to advise the parties or any person of any error therein.

The Index Sponsor makes no representation whatsoever, whether express or implied, as to the advisability of purchasing or selling the Sterling Corporate Bond Index Fund, the ability of the Index to track relevant markets’ performances, or otherwise relating to the Index or any transaction or product with respect thereto, or of assuming any risks in connection therewith. The Index Sponsor has no obligation to take the needs of any party into consideration in determining, composing or calculating the Index. No party purchasing or selling the Sterling Corporate Bond Index Fund, nor the Index Sponsor, shall have any liability to any party for any act or failure to act by the Index Sponsor in connection with the determination, adjustment, calculation or maintenance of the Index.

\*\*\*\* The Fund is not sponsored, endorsed, sold or promoted by MSCI Inc. (“MSCI”), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the “MSCI Parties”). The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by HSBC Index Tracker Investment Funds. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of this Fund or any other person or entity regarding the advisability of investing in funds generally or in this Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain

trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this Fund or the issuer or owners of this Fund or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of this Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this Fund to be issued or in the determination or calculation of the equation by or the consideration into which this Fund is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of this Fund or any other person or entity in connection with the administration, marketing or offering of this Fund. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indices from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Fund, owners of the Fund, or any other person or entity, from the use of any MSCI index or any data included therein. None of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI Parties makes any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.

HSBC Asset Management (Fund Services UK) Limited is the sole director and the Authorised Corporate Director ("**ACD**") of the Company and provides management and administration services to the Company under an agreement with the Company described in the Prospectus (the "**ACD Agreement**"). The ACD accepts full responsibility for the accuracy of the information contained in the Prospectus and this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

The distribution of the Prospectus and the offer of shares in the Company ("**Shares**") is restricted in certain jurisdictions.

Prospective investors should therefore be aware of, and observe, such restrictions. The Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such an offer is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

The ACD has appointed HSBC Global Asset Management (UK) Limited as the discretionary investment manager of the Funds (as defined in the Prospectus) under an agreement dated 29 July 2024 with full power to manage each of the Funds within the investment objective and any restrictions set out in the Instrument of Incorporation and Prospectus.

The Company is authorised by the Financial Conduct Authority (the “FCA”) of the United Kingdom and was incorporated on 4th August 2000 with its head office at 8 Canada Square, London E14 5HQ. The registrar of the Company is HSBC Asset Management (Fund Services UK) Limited, which has delegated its administrative functions as the registrar to Northern Trust Global Services SE of 50 Bank Street, Canary Wharf, London, E14 5NT. The Company and the five SFC-authorised Funds, are authorised by the Securities and Futures Commission (the “SFC”) in Hong Kong under Section 104 of the Hong Kong Securities and Futures Ordinance. Such authorisation does not imply any official approval or recommendation of the Company or any of the SFC-authorised Funds by the SFC. **Ten other Funds of the Company, namely the Developed World Lower Carbon ESG Tilt Equity Index Fund, the FTSE 250 Index Fund, the FTSE All-Share Index Fund, the FTSE All-World Index Fund, the MSCI Emerging Markets Equity Index Fund, the MSCI Emerging Markets ex China Equity Index Fund, the S&P 500 Equal Weight Equity Index Fund, Sterling Corporate Bond Index Fund, UK Gilt Index Fund and the USA Lower Carbon ESG Tilt Equity Index Fund, and the other unit trusts and open ended investment companies currently managed by the ACD, have not been authorised by the SFC and are therefore not available for investment by investors in Hong Kong (“Hong Kong Investors”). The information relating to these collective investment schemes that are unauthorised in Hong Kong, as set out in the Prospectus, should, therefore be ignored.**

## **PERMITTED HONG KONG INVESTORS**

It is the current intention of the Company not to market the SFC-authorised Funds to retail investors in Hong Kong. In Hong Kong, the SFC-authorised Funds may only accept investments from (i) HSBC and Hang Seng branded feeder funds, unit trusts or mutual funds (ii) a client or custodian of HSBC Global Asset Management (Hong Kong) Limited and/or HSBC Global Asset Management Holdings (Bahamas) Limited acting in their capacity as discretionary investment manager of their clients or (iii) other Hong Kong investors that the ACD is satisfied are not retail investors.

Investors who are interested in acquiring Shares should note the legal requirements for such acquisition, the applicable foreign exchange restrictions or exchange control requirements and relevant taxation consequences in connection with the acquisition, holding or sale of Shares in the countries of their nationality, residence, ordinary residence or domicile.

The SFC does not take any responsibility as to the contents of the Prospectus or this document.

## **INVESTMENT OBJECTIVE AND STRATEGY**

The investment objective of each SFC-authorised Fund is to provide long term capital growth by tracking the performance of the relevant index as set out in the Prospectus. Additional information regarding each index is set out in the section below headed ‘Additional Information on each Index’.

Where it is not possible to invest in a stock such that the amount held is consistent with that stock’s weighting within the relevant index, then additional exposure to the stock will be sought by investing in transferable securities (which may or may not be constituents of the index) which themselves aim to closely replicate the performance of the stock or which it is expected will perform in a similar way to that stock, subject to any restrictions that may be provided by the Regulations of the FCA of the United Kingdom, to which the Company is subject. Such transferable securities may include debt instruments designed to replicate the performance of the stock in question. There is a risk that the stocks selected will not accurately replicate the return of the index.

The Funds may invest in derivatives for efficient portfolio management, including hedging, which means investment techniques that aim to reduce risks, reduce costs or generate growth and income. The Fund does not intend to use derivatives instrument extensively and their use will be consistent with the risk profile of the Fund. The Fund's net derivative exposure (excluding hedging) may be up to 50% of the Fund's value (NAV).

In relation to each SFC-authorized Fund, the Company, or the Depositary at the request of the Company, may enter into securities lending transactions for the generation of additional income with an acceptable degree of risk. For further information regarding securities lending, please see Part G of Appendix 3 to the Prospectus and the section headed "Securities Lending" below.

Notwithstanding the adoption by each of the SFC-authorized Funds of the specific wider investment powers under the UCITS Directive 2001/108/EC, it is the intention of the ACD to operate the SFC-authorized Funds in accordance with the investment principles of Chapter 8.6 of the Hong Kong Code on Unit Trusts and Mutual Funds. The ACD will give the investors prior written notification of not less than 1 month and update the Prospectus should the Company intend to change the investment objectives, policy and/or restrictions applicable to the SFC-authorized Funds in future.

The SFC may withdraw its authorisation of the Company and/or any SFC-authorized Fund if the relevant index is no longer considered acceptable.

## **SECURITIES LENDING**

The Company, or the Depositary at the request of the Company, may enter into securities lending transactions with creditworthy and reputable borrowers with established securities borrowing businesses.

When securities lending is carried out the borrowers are typically international institutions that are well known to the ACD and each will be subject to, at least once annually, an independent credit review.

HSBC Bank plc also agrees to indemnify the Company, or the Depositary of the Company, against borrower defaults in relation to all securities lending transactions.

HSBC Group Credit and Risk Management ("**CARM**") reviews and approves all borrower credit lines at least annually and as often as it is deemed necessary. The review process involves the HSBC Group Relationship Manager for the borrower submitting a credit application for the renewal of proposed credit facilities.

The credit application details all the latest financial information of the borrower and any other relevant information pertinent to the application.

All CARM approved limits are passed to HSBC Markets & Securities Services ("**MSS**"), which is a division with expertise in the securities lending business. MSS has a risk department, risk committee and policies that are used to reduce (but never to increase) individual borrower limits if deemed prudent.

The analysis of MSS is based on a more local view of the borrowers and their specific business mix (e.g. asset class mismatch, foreign exchange exposure, additional margin provided, etc). MSS also uses in its analysis data such as credit ratings and current credit default swap prices (the "**CDS**") of the borrowers. The minimum Standard & Poor's (short term) credit rating of the borrowers is A-2. Collateral margins and haircuts are set by reference to a borrower daily CDS pricing and such figures will be doubled as soon as a trigger level is reached. Once the



final limit has been agreed it is entered into the securities lending system under dual-control which ensures that no loan can be made to a borrower where the overall borrower exposure would exceed the limit set.

All securities lending transactions in relation to the SFC-authorized Funds will be carried out by an agent appointed by the Company ("**Securities Lending Agent**"). The Company has appointed an affiliate of the ACD as its Securities Lending Agent and the Securities Lending Agent will act at arms-length in all securities lending transactions.

In the event that a borrower defaults the Securities Lending Agent will deliver securities to the Company equivalent in value to the securities that the borrower was obliged to deliver. Where applicable, cash representing the value of the securities will instead be delivered to the Company by the Securities Lending Agent subject to any netting and/or set off provisions of the relevant securities lending agreement with the borrower. The associated collateral will be assigned to the Securities Lending Agent in return.

In consideration for its services, the Securities Lending Agent shall be remunerated, out of the income received from the securities lending transactions, an amount equivalent to 15% of the gross income (this percentage may be subject to change from time to time) of such income received. The total amount of the Securities Lending Agent's remuneration from such securities lending transactions in a financial year will be disclosed in the relevant portfolio statement section of the Company's annual report.

The ACD is entitled to receive up to 10% of the gross income from the securities lending transactions. This amount is used to pay for the additional oversight required for the operation and oversight of securities lending.

In respect of each of the SFC-authorized Funds, the value of the property which may be the subject of the securities lending transactions will not exceed 29% of the value of each of such SFC-authorized Fund at that time.

The value of the collateral will at all times be at least equal in value to the value of the property that is subject to securities lending transactions.

All incremental incomes (net of the amounts payable to the Securities Lending Agent and ACD as described above) generated from securities lending transactions will be accrued to the Funds.

The form and nature of collaterals to be provided to the Company in relation to a securities lending transaction include (but is not limited to):

1. government securities that are issued by or guaranteed by the government or a government department or agency of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Japan, the Netherlands, Norway, Singapore, Sweden, Switzerland, the United Kingdom or the United States of America;
2. equities that are listed on Australia S&P/ASX 200, Belgium BEL 20, Canada S&P/TSX 60, Denmark OMX Copenhagen 20, Eurozone Eurostoxx 50, Finland OMX Helsinki 25, France CAC 40, Germany DAX, Hong Kong Hang Seng, Italy FTSE MIB 30, Japan Nikkei 225, Netherlands AEX, New Zealand NZX 50, Portugal PSI 20, Spain IBEX 35, Sweden OMX Stockholm 30, Switzerland Swiss Market, US Russell 3000 & S&P 500 or UK FTSE 100 & FTSE 350;
3. short-term money market funds (money market funds as defined by the FCA rules);
4. exchange traded funds; and

## 5. cash.

Assets that exhibit high price volatility will not be accepted as collateral unless suitably conservative haircuts are in place. When accepting collateral, such collateral will be diversified in terms of country, markets and issuers. The collateral received by the Fund must equal or exceed, in value, an amount allowing the net exposure to counterparty risk to remain below the limit of 10% of the Fund's NAV and it will be valued on at least a daily basis. The collateral must be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.

Where there is a title transfer, the collateral received should be held by the Depositary. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision and which is unrelated to the provider of the collateral. The collateral must be held at the credit risk of the counterparty and must be immediately available to the relevant Fund without recourse to the counterparty in the event of a default by that entity.

Collateral may be in the form of cash or non-cash.

Non-cash collateral cannot be sold or pledged, will be marked to market daily, will be issued by an entity independent of the counterparty. Securities received as collateral by a Fund will be diversified such that the exposure to securities of any one issuer will not be more than 20% of the value of the property of the Fund. The credit quality of the non-cash collateral will be consistent with the investment objectives and policies of the relevant Fund.

Cash collateral may only be:

- placed on deposit with entities prescribed in the FCA Rules;
- invested in money market funds as defined in the FCA Rules.

## ADDITIONAL INFORMATION ON EACH INDEX

Investors may obtain the latest index information and other important news of the index from data vendors Reuters or Bloomberg. Investors may also obtain a brief description of the relevant index rules, closing levels and constituents from the website of the relevant index provider as set out below:-

<b>Fund</b>	<b>Index Provider and Path</b>
<b>American Index Fund</b>	Investors may obtain a brief description of the Index rules and the latest information on closing levels and constituents from the website of the Index provider as follows:  <b>Closing levels:</b> <a href="https://eu.spindices.com">https://eu.spindices.com</a> and input S&P 500 into Search by Keyword box to view closing levels.  <b>Constituents:</b> <a href="https://www.spindices.com/indices/equity/sp-500/?geographicalRegion=europe&amp;complianceLevel=esma&amp;cvmlanguage=1&amp;_ga=2.94622492.1653670218.1573058733-77154142.1571155881">https://www.spindices.com/indices/equity/sp-500/?geographicalRegion=europe&amp;complianceLevel=esma&amp;cvmlanguage=1&amp;_ga=2.94622492.1653670218.1573058733-77154142.1571155881</a> and complete Your Details in the pop up box then choose "Constituent Data" to open the latest information on the full Index constituents.
<b>European Index Fund</b>	Investors may obtain a brief description of the Index rules and the latest information on closing levels and constituents from the website of the Index provider as follows:  <b>Closing levels:</b> <a href="http://www.ftserussell.com">www.ftserussell.com</a> and choose Indexes / Equity / Global Equity Index Series inc All-World, Emerging (GEIS) and then choose FTSE Developed Europe ex UK.

	<p><b>Constituents:</b>  <a href="http://www.ftserussell.com">www.ftserussell.com</a> and choose Indexes / Resources / Constituents and Weights / FTSE Global Equity Index Series and then choose FTSE Developed Europe ex UK.</p>
<b>FTSE 100 Index Fund</b>	<p>Investors may obtain a brief description of the Index rules and the latest information on closing levels and constituents from the website of the Index provider as follows:</p> <p><b>Closing levels:</b>  <a href="http://www.ftserussell.com">www.ftserussell.com</a> and choose Indexes / Equity / UK (inc. FTSE 100, FTSE All-Share) and then choose FTSE 100.</p> <p><b>Constituents:</b>  <a href="http://www.ftserussell.com">www.ftserussell.com</a> and choose Indexes / Resources / Constituents and Weights / FTSE UK Index Series and then choose FTSE 100.</p>
<b>Japan Index Fund</b>	<p>Investors may obtain a brief description of the Index rules and the latest information on closing levels and constituents from the website of the Index provider as follows:</p> <p><b>Closing levels:</b>  <a href="http://www.ftserussell.com">www.ftserussell.com</a> and choose Indexes / Equity / Global Equity Index Series inc All-World, Emerging (GEIS)” and then choose FTSE Japan.</p> <p><b>Constituents:</b>  <a href="http://www.ftserussell.com">www.ftserussell.com</a> and choose Indexes then Resources, Constituents and Weights, FTSE Global Equity Index Series and then choose FTSE Japan.</p>
<b>Pacific Index Fund</b>	<p>Investors may obtain a brief description of the Index rules and the latest information on closing levels and constituents from the website of the Index provider as follows:</p> <p><b>Closing levels:</b>  <a href="http://www.ftserussell.com">www.ftserussell.com</a> and choose Indexes / Equity / FTSE Global Equity Index Series (GEIS) and then choose FTSE World Asia Pacific ex Japan.</p> <p><b>Constituents:</b>  <a href="http://www.ftserussell.com">www.ftserussell.com</a> and choose Indexes / Resources / Constituents and Weights / FTSE Global Equity Index Series (GEIS) and then choose FTSE World Asia Pacific ex Japan.</p>

These websites have not been reviewed by the SFC and may contain information of funds not authorised by the SFC.

The ACD is independent of each index provider.

## RISK FACTORS

There is no guarantee that any Fund will, at any time, be able to exactly replicate the performance of the relevant index (please refer to Appendix 1 of the Prospectus for replication strategy for each of the Funds). Although the ACD will make every effort to minimize tracking error, no specific error can be guaranteed (please refer to Appendix 2 of the Prospectus for anticipated tracking errors for each of the Funds). Tracking error is likely to be greatest during extreme market volatility and when specific events affect the largest constituent securities of the relevant index. Neither the Company nor any of its service providers shall be liable to any other person for any tracking error in relation to the relevant index. The tracking error will be published in the annual audited financial statement of the Company and the interim report. Investors should note that the composition of the relevant index may change from time to time and that shares currently comprising the relevant index may, subsequently, be delisted and other shares added to form part of the index. Such changes are beyond the control of the Company or any of its service providers.

The FTSE 100 Index Fund, American Index Fund, Japan Index Fund, Pacific Index Fund, and the European Index Fund currently seek to hold all the stocks comprising the relevant index which each Fund tracks, except where there are investment restrictions due to regulations or the ACD's banned weapons policy. Tracking error is minimised by comparing the weights of the stocks in a Fund to the weights of the stocks in the relevant index. This is done on a daily basis, anticipating any corporate events or index changes which may occur and which will affect the weightings of the stocks. If a stock's weight in a Fund differs from its weight in the relevant index by more than a specified tolerance, then shares in this stock will be bought or sold, subject to the investment restrictions above, in order to give the stock a relevant index weighting.

Cash arising from sales will either be retained by a Fund for future investment or re-invested into other stocks which may be underweight. Similarly, cash required to buy shares will be taken from cash retained by a Fund from earlier sales or raised by selling stocks which may be overweight. The level of cash held by a Fund will be kept as low as is practicable.

The European Index Fund has investment exposure to Europe in the context of its investment objective and strategy and, in light of the fiscal conditions and concerns on sovereign debt of certain European countries, the Fund may be subject to a number of risks arising from a potential crisis in Europe.

The risks are present both in respect of direct investment exposure (for example if the Fund holds a security issued by a sovereign issuer and that issuer suffers a downgrade or defaults) and indirect investment exposure, such as the Fund facing an increased amount of volatility, liquidity, price and currency risk associated with investments in Europe.

Should any country cease using the Euro as its local currency or should a collapse of the Eurozone monetary union occur, such countries may revert back to their former (or another) currency, which may lead to additional performance, legal and operational risks to the Fund and may ultimately negatively impact the value of the Fund. The performance and value of the Fund may potentially be adversely affected by any or all of the above factors, or there may be unintended consequences in addition to the above arising from the potential European crisis that adversely affect the performance and value of the Fund.

**The price of Shares in the Company, and the income from them, if any, may go down as well as up. In addition, each SFC-authorized Fund may not be able to adapt to market changes due to the inherent investment nature of index funds. Falls in an index may, therefore, result in a corresponding fall in the value of the relevant SFC-authorized Fund.**

The investments of each SFC-authorized Fund may be concentrated in one or two securities in the event that the relevant index is so concentrated.

For each of the Funds, the underlying asset allocation is determined based upon the composition of the relevant index. The relevant index is rebalanced at regular intervals as set out for each Fund in Appendix 1 of the Prospectus.

Since the assets of the Fund are determined with regard to the relevant index composition, there is a risk that in the event of a miscalculation in the value of the relevant index by the index provider the Fund could hold assets which do not reflect the true 'theoretic' index composition at any given time.

The relevant index provider is under no obligation to notify the ACD if it becomes aware of a miscalculation in the value of the relevant index and the index provider may not carry out a corrective calculation when such an error is identified. For funds that aim to match the return of the index by holding the physical assets this could result in an increased tracking error in the Fund compared to the relevant index. The investment manager has controls in place to identify, at an early stage, any potential error in the relevant index and may adjust the Fund composition accordingly when it becomes aware of any such error. The investment manager may also notify the index provider to ask for correction of the index miscalculation.

Notwithstanding the above, the ACD considers that the two index providers for the various Funds, FTSE International and Standard & Poor's Inc, are two of the most reputable index providers in the world and that the likelihood of there being any circumstances which cause an inaccurate or incomplete calculation is negligible.

In the event that any index becomes unavailable for use, the ACD will discuss with its indexation sub-adviser whether the SFC-authorized Fund so affected should either:

- (i) be maintained in its current structure until such time as the relevant index is again available; or
- (ii) be restructured to track another index which has similar objectives to the relevant index.

In the event of the termination of the Company and/or a SFC-authorized Fund, the Company and/or the relevant SFC-authorized Fund would have to distribute to the investors their pro rata interest in the assets of the Company and/or the relevant SFC-authorized Fund. It is possible that at the time of such distribution, certain investments held by the Company and/or the relevant SFC-authorized Fund may be worth less than the initial cost of such investments, resulting in a substantial loss to the investors.

Moreover, any organisational expenses with regard to the Company and/or the relevant SFC-authorized Fund that had not yet become fully amortised would be debited against the Company and/or the relevant SFC-authorized Fund at that time.

The Depositary is responsible for the custody of all the scheme property of the Company. In the event that there is a loss of a financial instrument held in custody the Depositary is obliged to return financial instruments of identical type or the corresponding amount to the relevant Fund without undue delay. However, the Depositary will not be liable if it can prove that the loss of a financial instrument held in custody has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

The Funds are subject to liquidity risk. Liquidity is a measure of how easily and/or quickly a security can be purchased or redeemed in the market. The liquidity of a Fund is determined by the liquidity of the securities held by the Fund.

In times of market stress, which may be caused by market announcements, events, pandemics or closures, the liquidity of the securities held by a Fund may decrease. This may affect the ability of the Fund to purchase or redeem such securities and adversely affect the price paid or received for such securities, which in turn may adversely affect the value and performance of the Fund. The ACD has liquidity risk management policies and processes to manage liquidity risk. In summary, the ACD monitors the subscription and redemption requests received in respect of the Funds and monitors the liquidity of the Funds on an ongoing basis. In exceptional circumstances, the ACD may (with the prior agreement of the Depositary) and will (if the Depositary so requires) temporarily suspend the issue, cancellation, sale, redemption,

conversion and switching of Shares relating to any of the Funds where it is in the best interests of all the Shareholders. Such suspension shall be allowed to continue for as long as it is justified having regard to the interests of the Shareholders.

The ACD may, under certain circumstances (as detailed in “Dealing in Shares” section, “Compulsory Transfer and Redemption” sub-section and “Compulsory Conversion” sub-section, on page 25 of the Prospectus) compulsorily redeem or convert all or a portion of a Shareholder’s Shares in a Fund. Such compulsory redemption and conversion may create adverse tax and/or economic consequences to the Shareholder depending on the timing thereof.

No person will have any obligation to reimburse any portion of a Shareholder’s losses in the event of the termination of a Fund, a compulsory redemption or a compulsory conversion.

The risks of securities lending include the risk that a borrower may not provide additional collateral when required or may not return the securities when due. A default by the counterparty combined with a fall in the value of the collateral below that of the value of the securities lent may result in a reduction in the value of a Fund. To the extent that any securities lending is not fully collateralised (for example, due to timing issues arising from payment lags), a Fund will have a credit risk exposure to the counterparties to the securities lending contracts.

In the event that a borrower of securities from a Fund fails to comply with its obligation to return the applicable securities, the securities lending agent indemnifies the Fund against such a default. However, there is a risk that the securities lending agent may not be able to obtain and deliver to the Fund some or all of the applicable securities and instead the securities lending agent will credit the Fund with a sum of money representing the value of the securities that could not be delivered back to the Fund.

Investors should note that a limitation on the maximum level of securities lending arrangements by a Fund, at a time when demand for securities lending exceeds those maximum levels, may reduce potential income that a Fund could achieve.

## **SUBSCRIPTIONS AND REDEMPTIONS BY HONG KONG INVESTORS**

Subscriptions should be made by application form obtained from the ACD. **To ensure that the Company receives subscription applications only from Hong Kong Investors from which it may accept such applications as stated on page 6 above ("Permitted Hong Kong Investors") each Hong Kong Investor must send their application form to the Hong Kong Representative of the ACD (the "HKR") unless otherwise agreed with the ACD.** Applications received from Hong Kong Investors are subject not only to the Instrument of Incorporation of the Company and the Prospectus, but also to the terms of this document.

The price of a Share in the Company is calculated by reference to the Net Asset Value of the SFC-authorized Fund to which it relates. The Net Asset Value per Share of a SFC-authorized Fund is currently calculated as at 12 noon (UK time) on each dealing day, which means Monday to Friday, (except for, unless the ACD otherwise decides, the last Business Day (as defined in the Prospectus) 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.

Applications for Shares sent to the HKR will be forwarded as soon as practicable to the ACD for processing in accordance with the subscription procedures set out in the "Dealing in Shares" section of the Prospectus.

Subscription moneys may be telegraphically transferred and investors should contact the HKR for details. No money should be paid to any intermediary in Hong Kong who is not licensed or registered to carry on the Type 1 (dealing in securities) regulated activity under Part V of the Securities and Futures Ordinance.

Certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry on the Company's register of Shareholders.

Investors are referred to the description of each Share Class relating to each SFC-authorized Fund, the minimum initial and subsequent investment amounts and the designated currency applicable to each Share Class relating to each SFC-authorized Fund set out in the "Share Classes" section of the Prospectus. The statement in this section, stating that the Retail Income Share Class for the American Index Fund, the European Index Fund, the Japan Index Fund and the Pacific Index Fund, is now only open for investment in an Individual Saving Account through an HSBC Account Manager or otherwise at the discretion of the ACD is **not** applicable to the Hong Kong Investors.

The Share Classes currently available for each SFC-authorized Funds are as follows:-

<b>Share Class</b>	<b>Available to:</b>	
Retail Income	FTSE 100 Index Fund American Index Fund European Index Fund	Japan Index Fund Pacific Index Fund
Retail Accumulation	FTSE 100 Index Fund American Index Fund European Index Fund	Japan Index Fund Pacific Index Fund
Income C	FTSE 100 Index Fund American Index Fund European Index Fund	Japan Index Fund Pacific Index Fund
Accumulation C	FTSE 100 Index Fund American Index Fund European Index Fund	Japan Index Fund Pacific Index Fund
Accumulation CHKD	American Index Fund European Index Fund	
Income S	FTSE 100 Index Fund Japan Index Fund	Pacific Index Fund
Accumulation S	FTSE 100 Index Fund Japan Index Fund	Pacific Index Fund
Accumulation SHKD	FTSE 100 Index Fund Japan Index Fund	Pacific Index Fund
Institutional Income	American Index Fund European Index Fund	Japan Index Fund Pacific Index Fund
Institutional Accumulation	FTSE 100 Index Fund American Index Fund European Index Fund	Japan Index Fund Pacific Index Fund
Institutional Accumulation HKD	FTSE 100 Index Fund American Index Fund European Index Fund	Japan Index Fund Pacific Index Fund
Institutional A Income	American Index Fund	
Institutional A Accumulation	American Index Fund	

The ACD may (with the prior agreement of the Depositary) and will (if the Depositary so requires) temporarily suspend the issue, cancellation, sale, redemption, conversion and switching of any Share Class relating to any of the SFC-authorized Funds where, due to exceptional circumstances, it is in the best interests of all the holders of Shares (the "**Shareholders**") relating to such SFC-authorized Fund. Such suspension shall be allowed to continue for as long as it is justified having regard to the interests of the Shareholders. The ACD or the HKR would immediately notify the SFC if dealing in Shares ceases or is suspended.

**To ensure that the Company receives redemption requests only from Permitted Hong Kong Investors, each Hong Kong Investor must send their request for redemption to the HKR unless otherwise agreed with the ACD.** Redemption requests in respect of Shares sent to the HKR will be forwarded as soon as practicable to the ACD for processing in accordance with the redemption procedures set out in the "Dealing in Shares" section of the Prospectus.

Proceeds of Shares repurchased will be paid in the designated currency of the Share Class by cheque or banker's draft or, at the request of the Shareholder, by telegraphic transfer, normally within three business days (or normally within two business days in the case of the American Index Fund) and certainly within one month, following the later of:-

- (a) the relevant valuation point following receipt of a redemption request; and
- (b) the receipt by the ACD of the redemption request to sell or, where required, the form of renunciation (or other sufficient written instructions) duly signed by all the relevant Shareholders and completed as to the appropriate number of Shares, together with any other appropriate evidence of title.

Arrangements can be made for Shareholders to receive payment of proceeds in other currencies. Shareholders should specify settlement instructions when making their request for repurchase of Shares. The costs of any currency conversion and other administrative expenses will be borne by the Shareholders.

## **HONG KONG REPRESENTATIVE OF ACD**

The HKR is HSBC Investment Funds (Hong Kong) Limited of HSBC Main Building, 1 Queen's Road Central, Hong Kong. For its services, the HKR is entitled to receive a fee equivalent to 0.1166% per annum of the net asset value of the aggregate investment made in the SFC-authorized Funds by Hang Seng Investment Series, accrued on a daily basis and payable monthly in arrears.

## **PRICES**

The most recent issue and redemption prices are available on the HSBC Global Asset Management (UK) Limited website: visit [www.assetmanagement.hsbc.com](http://www.assetmanagement.hsbc.com) (please note that this website has not been reviewed by the SFC and may contain information of funds which are not authorised by the SFC). Current prices of the SFC-authorized Funds are also obtainable from the HKR. Prices of the SFC-authorized Funds are not published in any Hong Kong newspaper.

## **HONG KONG TAXATION**

As the Company has been authorised under the Hong Kong's Securities and Futures Ordinance, the Company will be exempt from Hong Kong profits tax provided that it is carried on for the purposes stated in its constitutive documents (as approved by the SFC) and in accordance with SFC requirements.



In respect of their acquisition, holding or disposal of the Shares, except where such transactions form part of trade, profession or business carried on in Hong Kong, investors will not pay any Hong Kong stamp duty or estate duty on their Shares.

## REPORTS

The annual audited financial statement of the Company will be published within four months of the end of each financial year on 15th May and any interim reports within two months of the end of the period to which they relate.

Each of the annual audited financial statements and interim reports of the Company will be published in English. The reports of the Company are available on the HSBC Global Asset Management (UK) Limited website.

## GENERAL INFORMATION

1. Neither the ACD nor any appointed investment advisor nor any connected persons ("**connected persons**" being as defined in the SFC's Code on Unit Trusts and Mutual Funds) of such ACD or appointed investment advisor may receive or retain for its own benefit, any cash or other rebates or any goods, services or other soft dollar benefits arising out of the sale or purchase of investments for the Company. Any such rebates and benefits received by any such person shall be credited to the account of the Company.
2. The establishment costs of the Company have been met by the ACD.
3. The following are the names and addresses of the directors of the ACD:-

Simeon Brown	8 Canada Square, London E14 5HQ
Peter G P Dew	8 Canada Square, London E14 5HQ
Christopher Godfrey	8 Canada Square, London E14 5HQ
Matthew Higginbotham	8 Canada Square, London E14 5HQ
Debra McMaster	8 Canada Square, London E14 5HQ
Priya Mittal	8 Canada Square, London E14 5HQ
Lucy Williams	8 Canada Square, London E14 5HQ
4. The Depositary has appointed HSBC Bank plc, 8 Canada Square, London E14 5HQ, as the custodian (the "Custodian") to provide it with custodial services. For its services, the Custodian will receive fees accrued daily and payable monthly in arrears, calculated at such rates and/or amounts as the ACD, the Depositary and the Custodian may from time to time agree. In addition the Custodian makes a transaction charge determined by the territory or country in which the transaction is effected.
5. The cost of custody generally depends upon the market value of the stock involved and currently in respect of each Fund ranges from 0.0015% per annum to 0.62% per annum of such market value. The current range of transaction charges is between GBP4.40 and GBP100.00 per transaction.

Details of other fees and expenses are set out in the section titled "Fees and Expenses" of the Prospectus.

6. In case of any increase in the ACD's charge, the ACD will give not less than 60 days' written notice in accordance with the FCA Rules to the Shareholders.

7. The SFC will be consulted on any events that may affect the acceptability of any relevant benchmark index. Significant events relating to any such index will be notified to the Shareholders as soon as practicable. These may include a change in the methodology or rules for compiling or calculating any such index, or a change in the objective or characteristics of any such index.
8. A replacement of any underlying benchmark index may only be made in accordance with the provisions of the Company's constitutive document and with the prior approval of the SFC.
9. The solicitors to the Company on matters of Hong Kong law are Eversheds Sutherland of 37/F, One Taikoo Place, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong. The ACD may utilise other solicitors from time to time.
10. The auditors of the Company are KPMG LLP of 15 Canada Square, London E14 5GL.
11. The Company may be wound up under the FCA Rules or as an unregistered company under Part V of the Insolvency Act 1986. An SFC-authorized Fund may only be terminated under the FCA Rules.
  - 11.1 Subject to the above, the Company or an SFC-authorized Fund may be wound up or terminated under the FCA Rules:
    - (a) if an extraordinary resolution to that effect is passed by the Shareholders; or
    - (b) if the share capital of the Company is below its prescribed minimum or (in relation to any SFC-authorized Fund) the Net Asset Value of the SFC-authorized Fund is less than GBP 1 million, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the SFC-authorized Fund; or
    - (c) if the FCA agrees to a request by the ACD for the revocation of the authorisation order in respect of the Company or the relevant SFC-authorized Fund.
12. For as long as the Company remains authorised by the SFC, copies of the following documents may be inspected free of charge at any time during normal business hours at the offices of the HKR (whose address is given above) and copies may be obtained at a reasonable charge:-
  - 12.1 the Company's Instrument of Incorporation;
  - 12.2 the Company's latest Prospectus and Hong Kong Covering Document;
  - 12.3 Agreement with the ACD for the Management and Administration of the Company dated 29 July 2024;
  - 12.4 Depositary Agreement entered into between the Company and the Depositary, State Street Trustees Limited, dated 29 November 2007, amended to enable the Company to become a protected cell company on 21 November 2013;
  - 12.5 Discretionary Investment Management Agreement between the ACD and HSBC Global Asset Management (UK) Limited in respect of the Funds dated 29 July 2024;
  - 12.6 Distribution Agreement entered into between the ACD and HSBC Global Asset Management (UK) Limited in respect of the Funds dated 29 July 2024;

- 12.7 the Agreement to appoint a Hong Kong representative entered into between the ACD and the HKR dated 27th October 2000;
- 12.8 the Agreement to appoint the Custodian entered into between the Depositary and HSBC Bank plc;
- 12.9 the ACD's undertaking to the SFC;
- 12.10 the HKR's undertakings to the SFC; and
- 12.11 the Company's latest audited annual financial statement and unaudited interim report.
13. Although circulars and announcements will continue to be sent to investors by post, the Company's latest financial reports, Prospectus and Hong Kong Covering Document and also circulars, announcements and the latest available offer and redemption prices or net asset value will be published on the HSBC Global Asset Management (UK) Limited website:  
[www.assetmanagement.hsbc.com](http://www.assetmanagement.hsbc.com) (please note that this website has not been reviewed by the SFC and may contain information of funds not authorised by the SFC).
14. If any actual or prospective investor has any enquiry or complaint in relation to the Company, such enquiry or complaint should be communicated to, and will be handled by, the ACD's Hong Kong Representative whose contact details are as follow:-
- HSBC Investment Funds (Hong Kong) Limited  
HSBC Main Building, 1 Queen's Road Central, Hong Kong  
Contact person: Customer Service Department  
Telephone: 2284-1118  
Fax: 3409-2667  
Email: [assetmanagement@hsbc.com.hk](mailto:assetmanagement@hsbc.com.hk)
- As an alternative, investors may contact the ACD direct by:
- Writing to HSBC Asset Management (Fund Services UK) Limited at Sunderland SR43 4BF
  - Calling the Advisor Services team on +44 800 358 3011

Dated 2 July 2025