

HSBC Global Funds ICAV

Pricing Adjustment

26 November 2024



HSBC
Global Asset
Management

HSBC Global Funds ICAV – Pricing Adjustment

What is a pricing adjustment?

A pricing adjustment (also called swing pricing) is a mechanism specifically designed to protect existing investors in a fund from the transaction costs of large net subscriptions or redemptions. These transactions costs include, but are not limited to, brokerage fees and taxes on transactions.

Without a pricing adjustment, transactions costs would fall on all shareholders in the fund. Instead, when this mechanism applies, the transaction costs are borne only by those client(s) who have just subscribed or redeemed, since it is their transactions that cause the costs.

HSBC Global Funds ICAV (HSBC ICAV) use a pricing adjustment mechanism to protect their existing investors in this way.

How does this mechanism work?

The pricing adjustment mechanism is a system of rates – expressed in % – with three main components (see the example opposite for an illustration).

1. A threshold rate

We calculate the total subscriptions minus the total redemptions in the fund on every valuation day.

If there are more subscriptions, the result will be “net subscriptions” and if there are more redemptions, the result will be “net redemptions”.

If, on any given valuation day, the result of ‘subscriptions – redemptions’ is a larger percentage of the fund’s Net Asset Value (NAV) than the threshold rate, it triggers one of the adjustment rates.

2. A buy adjustment rate

This is applied when the amount of net subscriptions is bigger than the threshold rate.

In this case, the fund’s NAV per share is increased by the buy adjustment rate.

The effect is the same as asking investors to pay an extra fee to subscribe on that day, and then putting this fee back into the fund so the existing shareholders don’t suffer the impact of the transaction costs.

3. A sell adjustment rate

This rate works exactly like the buy adjustment rate, but for situations when the amount of net redemptions is bigger than the threshold rate.

When this happens, the fund’s NAV per share is reduced by the sell adjustment rate.

The rates may be different for each fund, as shown in our table of adjustment rates on page 2.

An example

- Fund AUM: USD100 million
- Threshold rate: 1% of the AUM
- Subscriptions: USD10 million
- Redemptions: USD8 million
- Subscriptions – Redemptions: USD2 million (net subscriptions)

In this example, the percentage of the amount of net subscriptions (USD2 million, therefore 2%) is higher than the threshold rate (1% of USD100 million, which is USD1 million).

Therefore, the fund’s NAV per share will be adjusted up using the buy adjustment rate.

The table in the next page shows the current adjustment rates (buy and sell rates) for each fund where pricing adjustment applies. We do not disclose the threshold figures.

Do threshold and adjustment rates ever change?

We review the thresholds on an annual basis and the adjustment rates on a quarterly basis, at a minimum.

However, we may also adjust the thresholds and the rates on an *ad hoc* basis, to respond to market-specific circumstances and protect our funds’ investors.

Price adjustment for large flows

For HSBC ICAV, additional thresholds have been established to define a capital flow as a large/significant flow. If this significant flow threshold is met, an adjusted swing factor is calculated based on the true costs incurred to invest / disinvest. Such factor would only be applied on the date of the large capital flow. It can be provided upon request from your local distributor.

Conclusion

The sole objective of a pricing adjustment is to protect shareholders.

Whenever investors are impacted by the pricing adjustment when subscribing / redeeming, they are in fact paying for the transaction costs of dealing so existing shareholders are not disadvantaged.

In addition, they would incur these dealing costs themselves if they decided to invest directly.

HSBC ICAV – Pricing Adjustment

The Adjustment Rates disclosed in the table below are effective from 25 November 2024.

- The Repurchase % and Sale % shown in the table below are from the Sub-Fund's perspective.
- A Repurchase from the Sub-Fund's perspective means a sell from investor's perspective.
- A Sale from the Sub-Fund's perspective means a buy from investor's perspective.

Investors should note that the Adjustment Rates are reviewed at least on quarterly basis. However, the Adjustment Rates are also subject to be updated on an *ad hoc* basis. As a result, the Adjustment Rates may suddenly change and therefore differ from the rates provided in this document.

Sub-Fund	Adjustment Rate	
	Repurchase (%)	Sale (%)
ICAV China Government Local Bond UCITS ETF	0.01	0.09
ICAV Global Aggregate Bond Index Fund	0.04	0.11
ICAV Global Corporate Bond UCITS ETF	0.00	0.24
ICAV Global Emerging Market Government Bond Index Fund	0.00	0.43
ICAV Global Equity Index Fund	0.09	0.08
ICAV Global Government Bond UCITS ETF	0.00	0.10
ICAV Global Sukuk Index Fund	0.13	0.49
ICAV Global Sustainable Government Bond UCITS ETF	0.04	0.10
ICAV Japan Equity Index Fund	0.09	0.07
ICAV MF EMU Equity fund	0.10	0.20
ICAV MultiFactor Worldwide Equity	0.34	0.34
ICAV US Equity Index Fund	0.09	0.07
HSBC GF ICAV Cross Asset Trend Fund	0.06	0.06
HSBC Global Funds ICAV - Shariah Multi Asset	0.13	0.20
HSBC Global Funds ICAV - Multi Factor US Equity Fund	0.08	0.09
HSBC Global Funds ICAV - HSBC MSCI Emerging Markets Small Cap ESG Fund	Actual Cost*	Actual Cost*
HSBC Global Funds ICAV – HSBC MSCI Emerging Markets Value ESG Fund	Actual Cost*	Actual Cost*
HSBC Global Funds ICAV - Sustainable Development Bank Bonds UCITS ETF	0.00	0.03
HSBC GF ICAV Multi Thematic Equity Fund	0.10	0.10
HSBC Global Funds ICAV – HSBC MSCI World Fund	Actual Cost*	Actual Cost*
HSBC GF ICAV US Corp Bond Index Fund	0.00	0.20
HSBC GF ICAV Euro Corp Bond Index Fund	0.00	0.20
HSBC Global Funds ICAV - Euro Lower Carbon Government 10+ Year Bond UCITS ETF	0.04	0.04
HSBC Global Funds ICAV - Euro Lower Carbon Government 1-3 Year Bond UCITS ETF	0.02	0.02
HSBC Global Funds ICAV - Global Aggregate Bond ESG UCITS ETF	0.04	0.12

* Actual costs are used as adjustment rate. Current rate can be requested via the sales representative.

Risk Considerations

Investment in any sub-fund carries with it a degree of risk. The value of an investment, and any income from it, may fall as well as rise, and you may not get back the amount you originally invested.

Potential investors should review the HSBC Global Funds ICAV Prospectus in its entirety and the relevant Key Investor Information Document and consult with their legal, tax and financial advisors prior to making a decision to invest.

UK

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Published in Germany and Austria by HSBC Global Asset Management (Deutschland) GmbH

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