

# HSBC UCITS AdvantEdge plc

## Prospectus

HSBC UCITS ADVANTEDGE PLC (the **Company**) is an umbrella fund with segregated liability between sub-funds. The Company is incorporated with limited liability as an open-ended umbrella investment company with variable capital under the laws of Ireland with registered number 474507 and authorised under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended).

The Directors of the Company whose names appear below accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the importance of such information.

**Date: 9 January 2024**

**A & L Goodbody LLP**  
Solicitors

# Contents

Contents .....	3
Important information .....	5
Directory .....	8
Principal features.....	16
Part one.....	17
1. HSBC UCITS AdvantEdge Fund.....	17
1.1. Investment Objective.....	17
1.2. Investment Policy .....	17
1.3. Financial Derivative Instruments .....	18
1.4. Liquidity Risk Management Policy .....	19
1.5. Currency Hedging Strategy .....	20
1.6. Profile of Typical Investor in the Fund.....	20
1.7. Investment Restrictions.....	20
1.8. Share Classes .....	21
1.9. Key Information for Subscriptions and Redemptions.....	21
1.10. Anti-Money Laundering .....	22
1.11. Charges and Expenses.....	23
1.12. Specific Risk Factors.....	23
1.13. Financial Derivative Instruments and Currency Hedging.....	25
1.14. European Benchmarks Regulation .....	25
Part two .....	28
2. General fund information.....	28
2.1. Investment objective and policies .....	28
2.2. How to buy shares .....	28
2.3. How to sell shares .....	32
2.4. How to switch between funds.....	32
2.5. Dividends.....	33
2.6. Meetings and reports to shareholders .....	33
2.7. Taxation.....	33
Part three.....	45
3. Management and administration.....	45
3.1. Directors and Company Secretary .....	45
3.2. Management Company and Global Distributor .....	46
3.3. Administrator .....	48
3.4. Depositary .....	50
3.5. Investment Manager .....	51
3.6. Paying agents .....	51
3.7. Auditors .....	51

3.8.	Portfolio transactions and share dealing.....	51
3.9.	Charges and expenses .....	52
APPENDIX I .....		54
APPENDIX II .....		60
APPENDIX III .....		71
APPENDIX IV .....		74
APPENDIX V .....		78

# Important information

**If you are in any doubt about the contents of this Prospectus you should consult your stockbroker, bank manager, solicitor, accountant or an independent financial adviser.** Shares are offered on the basis of the information contained in this Prospectus and the documents referred to herein. No person is authorised to give any information or to make any representations concerning the Company other than as contained in this Prospectus, and any purchase made by any person on the basis of statements or representations not contained in or inconsistent with the information and representations contained in this Prospectus shall be solely at the risk of the purchaser.

The Directors of the Company whose names appear below accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

**The Company is structured as an open-ended umbrella fund with segregated liability between sub-funds. The Company was incorporated with limited liability as an investment company with variable capital on 26 August 2009 under the laws of Ireland and is authorised by the Central Bank of Ireland (the Central Bank) as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 as amended (the EU UCITS Regulations). Such authorisation is not an endorsement or guarantee of the Company by the Central Bank nor is the Central Bank responsible for the contents of this Prospectus. The authorisation of the Company by the Central Bank shall not constitute a warranty as to the performance of the Company and the Central Bank shall not be liable for the performance or default of the Company.**

The Company is constituted as a variable capital umbrella investment company. A separate portfolio of assets will be maintained in relation to each Fund of the Company. Each Fund may issue different classes of Shares, which may have different objectives and fee structures, further details of which are contained in Part One.

The Company has segregated liability between its Funds and accordingly any liability incurred on behalf of or attributable to any Fund shall be discharged solely out of the assets of that Fund.

The Company is a recognised collective investment scheme for the purposes of Section 272 of the Financial Services and Markets Act, 2000 and the temporary permissions regime in the UK.

Shareholders in the United Kingdom shall have no right (under the United Kingdom Financial Conduct Authority's Conduct of Business sourcebook, Chapter 15) to cancel the investment agreement constituted by the acceptance by or on behalf of the Company of an application for Shares. In addition, most if not all of the protections provided under the United Kingdom regulatory system will not apply to investment in the Company.

The rights of Shareholders may not be protected by the investors compensation scheme in the United Kingdom.

The distribution of this Prospectus and the offering of the Shares may be restricted in certain jurisdictions. This Prospectus does not constitute an offer or solicitation in a jurisdiction where to do so is unlawful or the person making the offer or solicitation is not qualified to do so or a person receiving the offer or solicitation may not lawfully do so. It is the responsibility of any person in possession of this Prospectus and of any person wishing to apply for Shares to inform himself of and to observe all applicable laws and regulations of relevant jurisdictions.

Distribution of this Prospectus is not authorised in any jurisdiction unless accompanied by a copy of the then latest published annual report and audited accounts of the Company and, if published after such report and accounts, a copy of the then latest semi-annual report and unaudited accounts. Such reports and this Prospectus together form the Prospectus for the issue of Shares in the Company.

Distribution of this Prospectus in certain jurisdictions will require that the Prospectus be translated into other languages. Where such translation is required and authorised by the Investment Manager, the translated version of the Prospectus will accord in all respects with the English version.

**Investors should note that the Articles permit the Company to impose a subscription charge of up to 5% of the Net Asset Value per Share. A repurchase charge of up to 3% of the Net Asset Value per Share may also be imposed. Details of any applicable charges applying to a Fund will be disclosed in Part One. In the event that such charges are imposed, the difference at any time between the sale and repurchase price of Shares means that any investment in the Company should be viewed as medium to long term.**

**The value of Shares (and any income from them) may fall as well as rise and investors may not get back, on redemption or otherwise, the amount originally invested.**

Shareholders are entitled to benefit, are bound by and are deemed to have notice of, the provisions of the Constitution of the Company.

None of the Shares has been or will be registered under the United States Securities Act of 1933, as amended, (the **1933 Act**) and (except in a transaction which is exempt from registration under the 1933 Act) none of the Shares may be offered or sold, transferred, assigned or delivered, directly or indirectly, in the United States or to any US Person. In addition, the Company has not been and will not be registered under the Investment Company Act of 1940, as amended, (the **1940 Act**). Based on interpretations of the 1940 Act by the staff of the United States Securities and Exchange Commission relating to foreign investment companies, if the Company has more than 100 beneficial owners who are US Persons, it may become subject to the 1940 Act. The Investment Manager is not registered under the United States Investment Advisers Act of 1940, as amended.

For the purposes hereof, the term “**US Person**” is defined by reference to Regulation S of the 1940 Act and shall mean the following:

- a) any natural person who is deemed a resident of the U.S. under any U.S. law or regulation
- b) an entity:
  - i. that is a corporation, partnership, limited liability company or other business entity:
    - A. that was created or organized under U.S. federal or state law including any non-U.S. agency or branch of such entity; or
    - B. where regardless of place of formation or organization, was organized principally for passive investment (such as an investment company or fund or similar entity other than an employee benefit plan or employee pension scheme for the employees, officers, or principals of a non-U.S. entity having its principal place of business outside the United States)
    - 1. and owned directly or indirectly by one or more US Persons, with respect to which such US Persons (unless defined as a Qualified Eligible Person under CFTC Regulation 4.7(a)) directly or indirectly hold in the aggregate 10% or greater beneficial interest; or
    - 2. where a US Person is the general partner, managing member, managing director or other position with authority for directing the entity's activities; or
    - 3. was formed by or for a US Person principally for the purpose of investing in securities not registered with the SEC; or
    - 4. where more than 50% of its voting ownership interests or non-voting ownership interests are directly or indirectly owned by US Persons; or
    - C. that is any agency or branch of a non-U.S. entity located in the U.S.; or
    - D. has its principal place of business in the U.S.; or
  - ii. that is a trust created or organized under U.S. federal or state law or regardless of the place of creation or organization
    - A. where one or more US Persons has the authority to control all substantial decisions of the trust; or
    - B. where the administration of the trust or its formation documents are subject to the supervision of one or more U.S. courts; or
    - C. where any settlor, founder, trustee, or other person responsible for decisions related to the trust is a US Person; or
  - iii. that is an estate of a deceased person regardless of where the person resided while alive where an executor or administrator is a US Person
- c) an employee benefit plan established and administered in accordance with the laws of the U.S.; or

- d) a discretionary or non-discretionary investment account or similar account (other than an estate or trust) held by a non-U.S. or U.S. dealer or other fiduciary for the benefit or account of a US Person (as defined above)

For the purpose of the above paragraph, the “**United States**” means the United States of America (including the States and the District of Columbia), its territories, possessions and other areas of subject to its jurisdiction. If, subsequent to an investor’s investment in the Fund, the investor becomes a US Person, such investor (i) will be restricted from making any additional investments in the Fund and (ii) as soon as practicable have its Shares compulsorily redeemed (subject to the requirements of applicable law). The Company and/or the Management Company may, from time to time, waive or modify the above restrictions.

Persons interested in purchasing Shares should inform themselves as to (a) the legal requirements within their own countries for the purchase of Shares, (b) any foreign exchange restrictions which may be applicable, and (c) the income and other tax consequences of purchase, conversion and redemption of Shares.

# Directory

## **Directors of the Company**

Michelle Hilliman

Tim Madigan

Fiona Mulhall

Stephen Rouxel

## **Registered Office**

3 Dublin Landings

North Wall Quay

Dublin 1

Ireland

## **Company Secretary**

Goodbody Secretarial Limited

3 Dublin Landings

North Wall Quay

Dublin 1

Ireland

## **Management Company**

HSBC Investment Funds (Luxembourg) S.A.

16, Boulevard d'Avranches

L-1160 Luxembourg

Grand Duchy of Luxembourg

## **Directors of the Management Company**

Timothy Caverly

Natasha Cork

Cecilia Lazzari

Richard Long

Edmund Stokes

Susanne Van Dootinh

## **Depository**

HSBC Continental Europe, Dublin Branch

1 Grand Canal Square

Grand Canal Harbour

Dublin 2

Ireland

**Investment Manager**

HSBC Alternative Investments Limited  
8 Canada Square  
London, E14 5HQ  
United Kingdom

**Administrator**

HSBC Securities Services (Ireland) DAC  
1 Grand Canal Square  
Grand Canal Harbour  
Dublin 2  
Ireland

**Auditors**

KPMG  
1-2 Harbourmaster Place  
International Financial Services Centre  
Dublin 1  
Ireland

**Irish Legal Advisors**

A & L Goodbody LLP  
3 Dublin Landings  
North Wall Quay  
Dublin 1  
Ireland



# Definitions

In this Prospectus:

<b>Administration Agreement</b>	the agreement dated 28 February 2020 between the Company, the Management Company and the Administrator as amended, supplemented or otherwise modified from time to time;
<b>Administrator</b>	HSBC Securities Services (Ireland) DAC or such other person or persons from time to time appointed by the Management Company as Administrator of the Company, in accordance with the Central Bank UCITS Regulations;
<b>Application Form</b>	the application form for Shares;
<b>Articles</b>	the Articles of Association of the Company;
<b>Benchmarks Regulation</b>	Regulation (EU) 2016/1011 of the European Parliament and the council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014.
<b>Business Day</b>	has the meaning given to this term in Part One in relation to a Fund which may be altered on prior notification to Shareholders;
<b>Central Bank</b>	the Central Bank of Ireland or any successor authority;
<b>Central Bank UCITS Regulations</b>	the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015, as may be amended, supplemented or modified from time to time as well as any guidance issued by the Central Bank in relation thereto;
<b>CHF</b>	Swiss franc, the lawful currency of Switzerland;
<b>CIS</b>	an open ended collective investment scheme within the meaning of Regulation 3(2) of the EU UCITS Regulations;
<b>Companies Act</b>	the Companies Act 2014 as amended, supplemented or consolidated from time to time;
<b>Company</b>	HSBC UCITS AdvantEdge plc;
<b>CSSF</b>	the Commission de Surveillance du Secteur Financier, the Luxembourg supervisory authority;
<b>Dealing Day</b>	has the meaning set out in Part One in relation to a Fund which may be altered on prior notification to Shareholders;
<b>Dealing Deadline</b>	has the meaning set out in Part One in relation to a Fund which may be altered on prior notification to Shareholders and with the consent of the Depositary;

<b>Depository</b>	HSBC Continental Europe, Dublin Branch (formerly known as HSBC France, Dublin Branch) or any other person or persons for the time being duly appointed depository of the Company in succession to the said HSBC Continental Europe, Dublin Branch in accordance with the requirements of the Central Bank;
<b>Depository Agreement</b>	the agreement dated 28 February 2020 between the Company, the Management Company and the Depository as amended, supplemented or otherwise modified from time to time in accordance with the requirements of the Central Bank;
<b>Directors</b>	the Board of Directors of the Company;
<b>Distributable Profits</b>	accumulated net income and/or the net of accumulated realised and unrealised capital gains and accumulated realised and unrealised capital losses;
<b>Distributor</b>	affiliate companies of the HSBC Group appointed by the Management Company (acting as Global Distributor), in accordance with the terms of the distribution agreements entered into with the Distributors and the requirements of the Central Bank, to carry out distribution services in their local jurisdiction;
<b>EEA</b>	the European Economic Area (EU Member States, Norway, Iceland and Liechtenstein);
<b>EEA Member State</b>	a member state of the EEA;
<b>EU</b>	the European Union, the current members being Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and The Netherlands;
<b>EU Member State</b>	a member state of the EU;
<b>EU UCITS Regulations</b>	the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No. 352 of 2011) as amended, supplemented, consolidated or otherwise modified from time to time including any condition that may from time to time be imposed thereunder by the Central Bank;
<b>Euro or €</b>	the European currency unit, the lawful currency of the EU;
<b>FCA</b>	the Financial Conduct Authority;
<b>FDI</b>	a financial derivative instrument permitted by the EU UCITS Regulations;
<b>Foreign Person</b>	a person who is neither resident nor ordinarily resident in Ireland for tax purposes who has provided the Company with the appropriate declaration under schedule 2B of the TCA and where the Company is not in possession of any information that would reasonably suggest that the declaration is incorrect or has at any time been incorrect or the Company is in possession of written notice of approval from the Revenue Commissioners to the effect that the requirement to have been provided with such declaration is deemed to have been complied with in respect of that person or class of Shareholder to which that person belongs, and that approval has not been withdrawn and any conditions to which that approval is subject to have been satisfied;
<b>Fund</b>	the separate portfolio of assets and liabilities to be maintained in respect of each fund of the Company and which will be invested in accordance with the investment

objectives and policies applicable to such fund and details of which are set out in Part One;

<b>Global Distributor</b>	HSBC Investment Funds (Luxembourg) S.A.;
<b>HSBC Group</b>	any subsidiary or affiliate of HSBC Holdings plc, a company incorporated in the United Kingdom and all its subsidiaries and affiliates;
<b>Initial Offer Period</b>	the period during which Shares in a Fund will be made available at the Initial Offer Price, details of which will be contained in Part One;
<b>Initial Offer Price</b>	the price at which Shares in a Fund or Share Class will be offered during the Initial Offer Period, details of which will be set out in Part One;
<b>Investment Management Agreement</b>	the agreement dated 8 May 2019 between the Management Company and the Investment Manager as amended, supplemented or otherwise modified from time to time;
<b>Investment Manager</b>	HSBC Alternative Investments Limited or such other person or persons as may be appointed by the Management Company as investment manager of the Company and its Funds, in accordance with the requirements of the Central Bank;
<b>Luxembourg Law</b>	the Luxembourg Law of 17 December 2010 on undertakings for collective investment, implementing UCITS IV Directive 2009/65/EC into the Luxembourg Law;
<b>Management Company</b>	HSBC Investment Funds (Luxembourg) S.A.;
<b>Management Agreement</b>	the agreement dated 8 May 2019 between the Company and the Management Company as amended, supplemented or otherwise modified from time to time in accordance with the requirements of the Central Bank;
<b>Month</b>	a calendar month;
<b>Net Asset Value</b>	the amount determined on any Dealing Day in relation to the Company and any of its Funds in accordance with the principles set out Appendix II as being the Net Asset Value of a Fund;
<b>Net Asset Value per Share</b>	the amount determined on any Dealing Day in accordance with the principles set out in Appendix II as being the Net Asset Value of a Share;
<b>OECD</b>	the Organisation for Economic Co-operation and Development, (the current members being: Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea (Republic), Latvia, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States and which includes any other country or countries which become members of the OECD from time to time);
<b>OTC derivative</b>	an FDI dealt over the counter and which is permitted by the EU UCITS Regulations;
<b>Permitted Market</b>	any of the stock exchanges and markets set out in Appendix IV;

<b>Person Closely Associated</b>	<p>in relation to a director:</p> <ul style="list-style-type: none"> <li>(a) the spouse of the director,</li> <li>(b) dependent children of the director,</li> <li>(c) other relatives of the director, who have shared the same household as that person for at least one year on the date of the transaction concerned,</li> <li>(d) any person <ul style="list-style-type: none"> <li>(i) the managerial responsibilities of which are discharged by a person: <ul style="list-style-type: none"> <li>• discharging managerial responsibilities within the issuer, or</li> <li>• referred to in paragraph (a), (b) or (c) of this definition,</li> </ul> </li> <li>(ii) that is directly or indirectly controlled by a person referred to in subparagraph (i) of paragraph (d) of this definition,</li> <li>(iii) that is set up for the benefit of a person referred to in subparagraph (i) of paragraph (d) of this definition, or</li> <li>(iv) the economic interests of which are substantially equivalent to those of a person referred to in subparagraph (i) of paragraph (d) of this definition.</li> </ul> </li> </ul>
<b>Related Companies</b>	has the meaning assigned thereto in section 2(10) of the Companies Act. In general, this states that companies are related where 50% of the paid-up share capital of or 50% of the voting rights in one company are owned directly or indirectly by another company;
<b>Repurchase Price</b>	the Net Asset Value per Share less any applicable repurchase charge, details of which are contained in Part One;
<b>SFDR</b>	Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (as amended);
<b>Shares</b>	ordinary shares of no par value in the capital of the Company, which may be divided into different classes;
<b>Share Class or Share Classes</b>	one or more classes of Shares in a Fund;
<b>Shareholder</b>	any person holding Shares of the Company;
<b>Sterling or £</b>	pounds sterling, the lawful currency of the United Kingdom;
<b>Subscription Price</b>	the Net Asset Value per Share plus any applicable subscription charge, details of which are contained in Part One;
<b>Sustainability Factors</b>	environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters;
<b>Sustainability Risk</b>	an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investments made by a Fund;
<b>Taxable Irish Person</b>	<p>any person, other than:-</p> <ul style="list-style-type: none"> <li>▶ a Foreign Person;</li> </ul>

- ▶ an intermediary (including a nominee) for a Foreign Person;
- ▶ a qualifying management company within the meaning of section 739B of the TCA;
- ▶ a specified company within the meaning of section 734 of the TCA;
- ▶ an investment undertaking within the meaning of section 739B of the TCA;
- ▶ an investment limited partnership within meaning of 739J of the TCA;
- ▶ an exempt approved scheme or a retirement annuity contract or trust scheme within the provisions of sections 774, 784 or section 785 of the TCA;
- ▶ a company carrying on life business within the meaning of section 706 of the TCA;
- ▶ a special investment scheme within the meaning of section 737 of the TCA;
- ▶ a unit trust to which section 731(5)(a) of the TCA applies;
- ▶ a charity entitled to an exemption from income tax under section 207(1)(b) of the TCA;
- ▶ a person entitled to exemption from income tax and capital gains tax under section 784A(2) of the TCA, section 787I of the TCA or section 848E of the TCA and the units held are assets of an approved retirement fund, an approved minimum retirement fund, a special savings incentive account or a personal retirement savings account (as defined in section 787A of the TCA);
- ▶ the courts service;
- ▶ a credit union;
- ▶ a company within the charge to corporation tax under section 739G(2) TCA, but only where the fund is a money market fund;
- ▶ a company within the charge to corporation tax under section 110(2) TCA;
- ▶ the National Asset Management Agency;
- ▶ the National Treasury Management Agency or a Fund investment vehicle within the meaning of section 739D(6)(kb) TCA;
- ▶ the Motor Insurer's Bureau of Ireland in respect of an investment made by it or moneys paid to the Motor Insurers Insolvency Compensation Fund under the Insurance Act 1964 (amended by the Insurance (Amendment) Act 2018);
- ▶ the National Pensions Reserve Fund Commission or a Commission investment vehicle within the meaning given by section 2 of the National Pensions Reserve Act, 2000 (as amended);
- ▶ a person who is entitled to exemption from income tax or capital gains tax by virtue of section 787AC TCA and the units held are assets of a PEPP (within the meaning of Chapter 2D of Part 30 TCA); and
- ▶ any other person as may be approved by the Directors from time to time provided the holding of Shares by such person does not result in a potential liability to tax arising to the Company in respect of that Shareholder under Part 27 Chapter 1A of the TCA;

in respect of each of which the appropriate declaration set out in Schedule 2B or otherwise of the TCA and such other information evidencing such status is in the possession of the Company on the appropriate date and the Company is not in possession of any information that would reasonably suggest that such declaration is incorrect or has at any time been incorrect;

<b>Taxonomy Regulation</b>	means the EU's Regulation on the establishment of a framework to facilitate sustainable investment and amending SFDR (2020/852) of the European Parliament and of the Council of 18 June 2020 as amended, supplemented, consolidated, superseded or otherwise modified from time to time;
<b>TCA</b>	the Taxes Consolidation Act, 1997, as amended;
<b>UCITS</b>	<p>an undertaking for collective investment in transferable securities which is authorised under the EU UCITS Regulations or authorised by a competent authority in another member state of the European Union in accordance with the UCITS Directive:</p> <ul style="list-style-type: none"> <li>▶ the sole object of which is the collective investment in transferable securities and/or other financial instruments of capital raised from the public and which operates on the principle of risk-spreading;</li> <li>▶ the shares of which are, at the request of holders, repurchased or redeemed, directly or indirectly, out of that undertaking's assets;</li> </ul>
<b>UCITS Directive</b>	Council Directive (2009/65/EC), of the European Parliament and of the Council of 13 July 2009 on the co-ordination of laws, regulations and administrative provisions relating to UCITS, including the associated implementing measures contained in Directive 2010/43/EU and Directive 2010/44/EU, as amended, supplemented, consolidated or otherwise modified from time to time.
<b>UCITS Level 2 Regulations</b>	Commission Delegated Regulation (EU) 2016/438 of 17 December 2015 supplementing Directive 2009/65/EC of the European Parliament and of the Council with regard to the obligations of depositaries, as may be amended, supplemented, consolidated or otherwise modified from time to time
<b>UK RDR regulations</b>	the Retail Distribution Review, being a set of consumer protection regulations implemented in the United Kingdom by the Financial Services Authority with effect 31 December 2012;
<b>Umbrella Cash Account</b>	the account further described in the section headed <b>Administrator</b> in Part Three;
<b>US or United States</b>	United States of America (including the States and the District of Columbia) its territories, possessions and all other areas subject to its jurisdiction;
<b>US Dollar, USD or \$</b>	the United States dollar, the lawful currency of the United States; and
<b>Valuation Point</b>	11.59pm Irish time on each Dealing Day unless otherwise provided in Part One and further provided that the Valuation Point shall always be later than the Dealing Deadline for the relevant Dealing Day.

# Principal features

## Structure

---

The Company is a variable capital company established in Ireland and is structured as an umbrella fund with segregated liability, in that different Funds may be established from time to time by the Directors with the prior approval of the Central Bank and any liability incurred on behalf of or attributable to any Fund shall be discharged solely out of the assets of that Fund. The Company currently has one Fund, namely, the HSBC UCITS AdvantEdge Fund.

In addition, the Shares in each Fund may be divided into a number of different Share Classes. The Directors may also add other Share Classes which will be notified to and cleared in advance with the Central Bank. Each Fund will represent a separate portfolio of assets and liabilities which will be invested in accordance with the investment objectives applicable to such Fund. Particulars relating to individual Funds and Share Classes are given in Part One of this Prospectus.

## Minimum Investment

---

The minimum initial investment and the minimum additional investment in any Fund or Share Class, as applicable, will be determined at the time of creation of the relevant Fund or Share Class, as applicable, and set out in Part One. The Directors may increase or reduce these minimum amounts if, in their absolute discretion, they consider that the circumstances so warrant in accordance with the requirements of the Central Bank.

## Dealing

---

Shares can normally be sold or switched on any Dealing Day on application to the Company. See Part One for further details.

## Pricing

---

There is a single price for buying, selling and switching Shares in the Company. This is represented by the Net Asset Value per Share of a Fund. A subscription charge of up to 5% of the Net Asset Value per Share, details of which are set out in Part One, may be added to the Net Asset Value per Share. The Articles provide that a repurchase charge of up to 3% of the Net Asset Value per Share and a switching charge of up to 5% of the Net Asset Value per Share may be levied. Details of any applicable charges in relation to a Fund are disclosed in Part One.

## Base Currency

---

The currency in which a Fund will be denominated will be determined by the Directors at the time of creation of the Fund (and will be the currency in which the subscription for the Shares of such Fund are issued).

## Valuation Point

---

The Net Asset Value of a Fund will be calculated at the relevant Valuation Point for such Fund.

## Reporting Currency

---

For the purposes of the compilation of the semi-annual and annual report of the Company, the reporting currency of the Company will be Euro.

# Part one

Part One contains particulars relating to the current Funds of the Company. Currently there is only one Fund being HSBC UCITS AdvantEdge Fund. The Directors have the discretion (subject to the prior approval of the Central Bank) to launch other Funds (and, subject to the prior approval of the Central Bank, Share Classes within a Fund) at various times in the future when suitable investor interest has been identified.

The Company has segregated liability between its Funds and accordingly any liability incurred or attributable to any Fund shall be discharged solely out of the assets of that Fund.

Part One of this Prospectus should be read in conjunction with the section headed **General Fund Information** in Part Two.

## 1. HSBC UCITS AdvantEdge Fund

### 1.1. Investment Objective

The investment objective of the Fund is to generate long term capital growth by investing in an internationally diversified portfolio of shares and units in collective investment schemes and other permitted investments described below.

### 1.2. Investment Policy

The Fund is primarily a “**fund of funds**” that pursues its investment objective by investing primarily in a portfolio of regulated collective investment schemes and other forms of short term interest bearing securities described below.

The Fund is actively managed and is not constrained by a benchmark.

In endeavouring to achieve its investment objective and policy, the Fund will seek an indirect exposure to international asset markets, including equities, fixed income and currencies, by investing up to 100% of its net assets in the securities of regulated collective investment schemes which satisfy the requirements of the Central Bank. Such schemes will be domiciled primarily within the European Economic Area and will be schemes which are compatible with the investment objective of the Fund. The above percentage is indicative only and (subject as provided below) the Investment Manager may, from time to time, alter or adjust such percentage in order to achieve the investment objective of the Fund, having regard to prevailing market conditions.

Any direct investment in unlisted securities or in the transferable securities issued by unregulated collective investment schemes will not exceed in aggregate 10% of the Fund's net assets. Such unlisted securities, where held, will comprise equities or other forms of unlisted transferable securities held within underlying fund holdings. Transferable securities held by unregulated collective investment schemes will primarily comprise equity investments. All such investments must be compatible with the investment objective of the Fund and must comply with the eligibility criteria for transferable securities in terms of their negotiability, liquidity, valuation capability and risk profile.

The Investment Manager will actively manage the geographic sector allocation of the Fund's portfolio of underlying funds. In selecting suitable investment opportunities for the Fund, the Investment Manager will adopt a top down asset allocation strategy, with investments diversified across a wide range of asset classes. The focus will be on investments in regulated collective investment schemes (both UCITS and non-UCITS) which provide consistent, superior risk adjusted returns, which in combination are expected to provide a level of risk and volatility significantly below that of global equity markets. Sectoral, geographical and capitalisation focus will be



driven by an ongoing assessment of the top down factors such as interest rates, macro-economic outlook, inflationary expectations, fiscal and external account balances and geo-political issues.

The Fund's investments comprise regulated collective investment schemes domiciled primarily within the European Union with a focus on hedge fund strategies, such as equity long/short, equity market neutral, macro and managed futures. There is no sectoral bias in relation to the Fund's initial investments.

Equity long/short strategies involve buying certain stocks long (on the expectation that the price will rise) and selling others short (on the expectation that the price will decrease). There are generally no sectoral or geographic restrictions on this strategy. Equity market neutral strategies invest in bonds and/or equities but are not dependent on the general direction of underlying markets. This is, typically, a conservative approach in which the investment manager seeks to exploit market inefficiencies by capitalising on pricing disparities between related instruments, and seeks to entirely avoid some form of market risk, typically by hedging. The focus can be very quantitative, focusing on stock selection techniques, and the correlation to general market movement should be low. Macro investing aims to generate significant returns from movements in equity, currency, interest rates and commodity markets. The strategy is based on the investment manager's use of macro-economic principles to identify dislocations in asset prices. Macro hedge funds can be classified as either discretionary, where the investment managers' subjective opinions of market conditions lead them to the trade, or systematic, meaning a quantitative or rule-based approach is taken. Profits are derived from correctly anticipating price trends and capturing spread moves. Managed futures are generally managed using a proprietary trading system, or discretionary method, that may involve taking long or short positions in futures contracts in such areas as equity indexes, foreign currency and government bonds. For information on the risks associated with investing in hedge fund strategies such as those listed above, please see **Specific Risk Factors** below.

Investors should note that, subject to the Fund's investment objective and to the EU UCITS Regulations, the Investment Manager reserves the right to alter its investment strategy from time to time in order to achieve the investment objective of the Fund and having regard to prevailing market conditions.

Subject to the investment restrictions set out in Appendix I of the Prospectus, the Fund may also invest up to 20% of its net assets in closed-ended funds which (i) qualify as transferable securities, (ii) are subject to the corporate governance regime applied to companies and (iii) where asset management activity is carried out by another entity that entity is subject to national regulation for the purposes of investor protection.

Subject to the above and the EU UCITS Regulations, the Fund may invest in collective investment schemes with which the Company is linked by common management or control or by a substantial direct or indirect holding. See the section of the Prospectus entitled **Charges and Expenses** for details of the fees payable in relation to such investment. Investment may also be made in other Funds of the Company in accordance with the terms of the EU UCITS Regulations and the Company's Prospectus.

The Fund may also hold ancillary liquid assets, such as bank deposits, money market instruments (such as short-term fixed income instruments, certificates of deposit, commercial paper, floating rate notes and bankers acceptances), sovereign bonds and corporate bonds (both fixed and floating) which have a Standard & Poor's credit rating of at least A or a Moody's credit rating of at least A2 and which are listed or traded on permitted stock exchanges and markets listed in Appendix IV of the Prospectus (**Permitted Markets**). Such assets may be held (i) to ensure that the Fund will always be able to facilitate repurchase requests in accordance with the terms of its Prospectus or (ii) due to the Fund having received subscriptions that are awaiting investment or (iii) because the Investment Manager is unable to identify sufficient suitable investment opportunities. It is not intended that the Fund will invest more than 40% of its assets directly or indirectly in interest bearing securities. There is no maximum or minimum amount of liquidity that the Fund may hold at any one time.

### 1.3. Financial Derivative Instruments

The Fund will not invest directly in FDIs. The Fund will utilise FDIs in the form of foreign exchange contracts only, which will be used for currency hedging purposes alone. As a "fund of funds" investing in regulated collective investment schemes that utilise FDIs as part of their investment strategies, the Fund will have an indirect exposure to FDIs and associated risks. **The use of financial derivatives will be fully supported by an in-depth risk management process employed by the Management Company in respect of the Company and conducted by the Investment Manager (which enables the Investment Manager and the Management Company to accurately measure, monitor and manage the various risks associated with the use of FDIs) and which**

**has been prepared and submitted to the Central Bank in accordance with the Central Bank requirements to ensure that the use of such financial instruments continue to be commensurate with the overall investment objectives of the Fund. FDIs employed for hedging purposes will not be used to create financial leverage for the Fund.**

The Fund may hedge unwanted currency exposure through the use of foreign exchange contracts consisting of currency forwards and currency swaps. A currency forward is a foreign exchange contract executed between two parties with a future settlement date. A currency swap comprises two currency forwards, executed simultaneously where one forward is in the reverse direction of the other, each settling on different dates. Where the Investment Manager decides to hedge part or all of a currency exposure, the hedging process may, from time to time, result in a small residual currency exposure due to market movements or other factors outside of the control of the Fund. All hedged positions will be kept under review to ensure that over hedged positions do not exceed 105% of the Net Asset Value of the Fund. Hedged positions materially in excess of 100% of the Fund's Net Asset Value will not be carried forward from month to month.

All foreign exchange contracts entered into on an over the counter basis (**OTC**) will be with counterparties (other than credit institutions authorised within the EEA, Jersey, Guernsey, Isle of Man, Australia or New Zealand) which have a Standard & Poor's credit rating of at least A or a Moody's credit rating of at least A2.

A default by or insolvency of a counterparty to an OTC foreign currency transaction may result in the loss of any accrued profit and loss; however, as no margin monies or premium will be paid for entering into such transactions there will be no risk of loss of capital to the Fund. All OTC financial derivative positions will be appropriately covered in accordance with the requirements of the Central Bank and will be monitored and reviewed on a daily basis.

All exchange traded foreign exchange transactions entered into will be dealt in on a Permitted Market.

The Fund will use the commitment approach to calculate its global exposure, which will not exceed 100% of the Net Asset Value of the Fund.

#### **1.4. Liquidity Risk Management Policy**

The Management Company has established a liquidity risk management policy which forms part of the Management Company's risk management policy with the aim to enable it to identify, monitor, manage and mitigate the liquidity risks of the Funds and to ensure that the liquidity risk profile of the investments of the Funds will facilitate compliance with the Funds' obligation to meet redemption requests. Such policy, combined with the governance framework in place and the liquidity management tools of the Management Company, also seeks to achieve fair treatment of shareholders and safeguard the interests of the remaining or existing shareholders in case of sizeable redemptions or subscriptions.

The Management Company's liquidity risk management policy takes into account the investment strategy, the dealing frequency, the underlying assets' liquidity (and whether they are priced at fair value) and the ability to defer redemptions in compliance with the Prospectus.

The liquidity risk management policy also involves monitoring the profile of investments held by the Funds on an on-going basis with the aim to ensure that such investments are appropriate to the redemption policy as stated in the Prospectus and the relevant Fund Supplement as the case may be. Further, the liquidity risk management policy includes details on periodic stress testing carried out to manage the liquidity risk of the Funds in times of exceptional market conditions.

The Management Company's risk management function is independent from the investment portfolio management function and is responsible for performing monitoring of the Funds' liquidity risk in accordance with the Management Company's liquidity risk management policy. Exceptions on liquidity risk related issues are escalated to the Management Company's management committee and/or UCITS risk oversight forum with appropriate actions properly documented.

The Management Company may employ one or more tools to manage liquidity risks including, but not limited to:

- ▶ Limiting the number of Shares redeemed for a Fund on any Dealing Day to 10% or more of the Net Asset Value of any Fund (subject to the conditions under the heading entitled "Conditions Relating to Repurchase of Shares");
- ▶ Declaring a suspension of the determination of the NAV per Share of a Sub-Fund as outlined in the section entitled "Suspension of Calculation of Net Asset Value"; and/or
- ▶ Accepting transfers in specie.

## 1.5. Currency Hedging Strategy

The Base Currency of the Fund is Euro. Accordingly, to the extent that each Share Class of the Fund holds assets (including cash) denominated in currencies other than the Base Currency of the Fund or the reference currency of that Share Class, those Share Classes will have foreign currency exposure. The Investment Manager will exercise its discretion in deciding whether or not to hedge such currency exposures back into the Base Currency of the Fund or the relevant reference currency of a Share Class. Such decisions will be based, in part, upon the Investment Manager's view of the likely trend of future exchange rates. In applying such hedging policies, the following restrictions will apply:

- ▶ hedge transactions must be allocated and attributable to specific Share Classes. Subject to fluctuations of currency movements between the rollover dates of the currency forwards, in no case will any hedge allocation specific to a Share Class exceed 100% of the Net Asset Value of that Share Class;
- ▶ the cost and gain/losses of the hedging transactions will accrue solely to the relevant class
- ▶ none of the Share Classes will be leveraged as a result of such transactions; and
- ▶ no hedging transactions may be entered into unless the Investment Manager considers such transactions to be in the best interests of Shareholders

The creation of hedged Share Classes is intended to create a positive benefit to Shareholders. Any unfavourable impact on other unhedged Share Classes is highly unlikely to occur. All such hedging transactions will be subject to the provisions of the EU UCITS Regulations. Investors should note that in circumstances where the Investment Manager operates a discretionary hedging policy at the Share Class level, such a policy may substantially limit Shareholders of a hedged Share Class from benefiting if the reference currency of that Share Class falls against the Base Currency of the Fund or the currency in which certain assets of the Fund may be denominated.

In relation to any unhedged Share Classes, a currency conversion will take place on the subscription, redemption or switching of any Shares in such classes at prevailing exchange rates. The value of any Share in any unhedged Share Class will be subject to exchange rate risk against the Base Currency of the Fund or the currency in which certain assets of the Fund are denominated.

## 1.6. Profile of Typical Investor in the Fund

Depending on the applicable regulations in each jurisdiction where the Fund is being distributed, an investment in the Fund may be suitable for both retail and institutional investors.

## 1.7. Investment Restrictions

The investment restrictions and limitations are those included in the EU UCITS Regulations and which are set out in Appendix I. In addition:

- ▶ The Fund shall not purchase or own more than 20% of the securities issued by a single collective investment scheme (CIS)
- ▶ The Fund shall not invest more than 30% of its net asset value in securities issued by CIS managed by or with the assistance of the same investment managers or investment advisers
- ▶ The Fund shall not make any investment which exposes the Fund to unlimited liability
- ▶ The Fund shall not issue warrants or other rights to subscribe for Shares in the Fund
- ▶ The Fund shall not acquire real estate
- ▶ The Fund shall not grant loans or guarantees in favour of third parties (including other Funds)

- ▶ The Fund shall not invest in, or in CIS whose purpose is to invest in, commodities, antiques or art, provided that the CIS may, under exceptional circumstances and for a limited period of time, be compelled to acquire physical commodities positions
- ▶ The Fund shall not sell short any asset provided however that the CISs in which the Fund invests may carry out such short sales

## 1.8. Share Classes

The Fund is available in the following Share Classes:

▶ HSBC UCITS AdvantEdge Fund	–	<b>Euro Class;</b>
▶ HSBC UCITS AdvantEdge Fund	–	<b>US Dollar Class;</b>
▶ HSBC UCITS AdvantEdge Fund	–	<b>Sterling Class;</b>
▶ HSBC UCITS AdvantEdge Fund	–	<b>Euro Institutional Class;</b>
▶ HSBC UCITS AdvantEdge Fund	–	<b>US Dollar Institutional Class;</b>
		(together referred to as the <b>Currency Classes</b> )
▶ HSBC UCITS AdvantEdge Fund	–	<b>Sterling R Class;</b>
▶ HSBC UCITS AdvantEdge Fund	–	<b>Euro Institutional R Class;</b>
▶ HSBC UCITS AdvantEdge Fund	–	<b>US Dollar Institutional R Class;</b>
▶ HSBC UCITS AdvantEdge Fund	–	<b>Sterling Institutional R Class;</b>
		(together referred to as the <b>R Classes</b> )
▶ HSBC UCITS AdvantEdge Fund	–	<b>Euro H Class;</b>
▶ HSBC UCITS AdvantEdge Fund	–	<b>Sterling H Class;</b>
▶ HSBC UCITS AdvantEdge Fund	–	<b>US Dollar H Class;</b>
▶ HSBC UCITS AdvantEdge Fund	–	<b>Swiss Franc H Class;</b>
		(together referred to as the <b>H Classes</b> )

Shares in the R Classes are only available for investment by persons who can demonstrate, to the satisfaction of the Global Distributor, that they are impacted by the UK RDR regulations.

Shares in the H Classes are only available for investment by nominee entities who can demonstrate, to the satisfaction of the Global Distributor, that they are used for the purpose of investment in the HSBC wealth management programme.

## 1.9. Key Information for Subscriptions and Redemptions

### 1. Base Currency

The Base Currency of the Fund is Euro but investments may be denominated in other currencies.

### 3. Subscription Price

Shares in all Share Classes are available for subscription as the prevailing Net Asset Value per Share.

### 4. Minimum Investment, Minimum Additional Investment and Minimum Holding

The minimum initial investment by each investor and the minimum holding of shares in the Euro Class, the US Dollar Class, the Sterling Class and the Sterling R Class is €25,000 or \$25,000 or £25,000 depending on the reference currency of the relevant Share Class. The minimum additional investment is €5,000 or \$5,000 or £5,000 depending on the reference currency of the relevant Share Class. The minimum amounts may be reduced at the discretion of the Directors.

The minimum initial investment by each investor and the minimum holding of shares in the Euro H Class, the US Dollar H Class, the Sterling H Class and the Swiss Franc H Class is €100,000 or \$100,000 or £100,000 or CHF100,000 depending on the reference currency of the relevant Share Class. The minimum additional investment is €5,000 or \$5,000 or £5,000 or CHF5,000 depending on the reference currency of the relevant Share Class. The minimum amounts may be reduced at the discretion of the Directors.

The minimum initial investment by each investor and the minimum holding of shares in the Euro Institutional Class, Euro Institutional R Class, the US Dollar Institutional Class, the US Dollar Institutional R Class and the Sterling Institutional R Class is €1,000,000 or \$1,000,000 or £1,000,000 depending on the reference currency of the relevant Share Class. The minimum additional investment is €50,000 or \$50,000 or £50,000 or CHF50,000 depending on the reference currency of the relevant Share Class. The minimum amounts may be increased or reduced at the discretion of the Directors.

### 5. Subscription Charge

An initial charge of up to 5% may be imposed at the discretion of the Directors. It is not the current intention of the Directors to impose an initial charge for any Share Class.

#### **6. Repurchase Charge**

A repurchase charge of up to 2% may be imposed at the discretion of the Directors. It is not the current intention of the Directors to impose a repurchase charge.

#### **7. Switching Charge**

Subject to compliance with the relevant switching provisions contained in the section of the Prospectus entitled **How to Switch between Funds** and where relevant, to the creation of additional Funds by the Company, a switching fee of up to 3% may be imposed at the discretion of the Directors on all applications to switch from one Share Class to another Share Class within the Fund or to a Share Class within another Fund of the Company. It is not the current intention of the Directors to impose a switching fee.

#### **8. Business Day**

A day on which banks are open for business in Dublin and London or such other day as the Company may, with the approval of the Depositary, determine.

#### **9. Dealing Day**

The Dealing Day for the Fund is Wednesday of every calendar week which is a Business Day or, if such Wednesday is not a Business Day, the immediately preceding Business Day shall be a Dealing Day. The Directors may alter the Dealing Day or create additional Dealing Days, from time to time, on prior notification to the Shareholders, the Depositary, provided that there shall be at least one Dealing Day in every fortnight.

#### **10. Dealing Deadline**

The Dealing Deadline is 5.00 pm (Irish time) on the third Business Day prior to the relevant Dealing Day or such other time as the Directors may determine on prior notification to Shareholders and with the consent of the Depositary.

#### **11. Settlement Date**

The date of receipt of subscription monies or the despatch of redemption monies specified in the sections entitled **How to Buy Shares** and **How to Sell Shares**.

#### **12. Valuation Point**

The Valuation Point is 11.59pm (Irish time) on each Dealing Day or such other time as the Directors may determine.

#### **13. Distribution Policy**

It is not the intention of the Directors to declare any dividend on any Share Classes. All income of the Share Classes will be rolled up within those Share Classes.

The Currency Classes were accepted by HM Revenue & Customs (**HMRC**) into the UK reporting fund regime for the accounting period ended 31 December 2010 and later periods. The R Classes were accepted by HMRC into the UK reporting fund regime for the accounting period ended 31 December 2012 and later periods. The H Classes were accepted by HMRC into the UK reporting fund regime for the accounting period ended 31 December 2016 and later periods. UK reporting status of each share class can be viewed via the following website link: <https://www.gov.uk/government/publications/offshore-funds-list-of-reporting-funds>.

. The Directors manage the affairs of the Company in such a way as to demonstrate to HMRC that it complies with the reporting regime rules currently in force.

Please see the UK taxation in the section entitled **Taxation** for further details.

#### **1.10. Anti-Money Laundering**

Measures aimed at the prevention of money laundering may require an applicant for Shares to verify their identity to the Administrator. The Administrator will notify applicants if proof of identity is required. See the Section titled "Anti-Money Laundering and Prevention of Terrorist Financing" in Part Two for further details.

### 1.11. Charges and Expenses

**Annual fees:** The Management Company is entitled to receive an annual fee of:

- ▶ 1.5% of the Net Asset Value of each of the Euro Class, the US Dollar Class and the Sterling Class;
- ▶ 1.0% of the Net Asset Value of each of the Euro Institutional Class and the US Dollar Institutional Class;
- ▶ 0.75% of the Net Asset Value of the Sterling R Class;
- ▶ 0.50% of the Net Asset Value of each of the Euro Institutional R Class, the US Dollar Institutional R Class and the Sterling Institutional R Class; and
- ▶ 0.30% of the Net Asset Value of each of the Euro H Class, the US Dollar H Class, the Sterling H Class and the Swiss Franc H Class;

from which all fees of the Management Company, the Investment Manager, the Depositary, the Administrator and the Company Secretary will be discharged, save for the Annual Fee of the H Classes which does not include the Investment Manager fees which will be paid to the Investment Manager under separate arrangement with another entity of the HSBC Group. See the section entitled **Charges and Expenses** for further details.

The Global Distributor may, at its discretion, waive or reduce the amount of annual fee payable by Holders of the H Classes.

**Formation Costs:** The cost of establishing the Company and the Fund, obtaining authorisation from any authority, filing fees, the preparation and printing of this Prospectus, marketing costs and the fees of all professionals relating to it have been amortised.

### 1.12. Specific Risk Factors

The general risk factors under the heading **Risk Factors** below apply to this Fund. In addition the following risk factors are also relevant.

**Nature of Investment:** Investment in the Fund is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account.

**Hedge Fund Strategies:** Investors should be aware that there are certain risks associated with investing in hedge fund strategies such as those listed above. For example, all such strategies may utilise leverage and other speculative investment practices that may increase the risk of investment loss, may be less liquid than for example equities, may not be required to provide immediate or on demand pricing or valuation information to investors, may involve complex tax structures, are not subject to the same regulatory requirements as mutual funds, and often charge high fees. Equity long/short is seen as a higher risk strategy because it is a directional strategy and is highly correlated to the equity markets. With equity market neutral strategies, the aim is to avoid some form of market risk. In order to evaluate market neutrality, it is first necessary to specify the risk being avoided, and a portfolio will be truly market neutral if it exhibits zero correlation with the unwanted source of risk. However, market neutrality is an ideal which is seldom possible in practice. A portfolio which appears to be market neutral may exhibit unexpected correlations as market conditions change. Macro strategies can be volatile compared to other hedge fund strategies, mainly due to the possible use of leverage on directional bets, which may equate to significant losses.

**Foreign Currency Exposure:** The base currency of the Fund is Euro, and although the Investment Manager has the ability to hedge the Fund's exposure to movements in other currencies, there is the risk that any foreign currency exposure will not be fully or successfully hedged and that the Fund's Net Asset Value could move down due to a fall in the value of non-Euro currencies against the Euro. Where the Investment Manager decides to hedge part or all of a currency exposure, the hedging process may from time to time result in a small residual currency exposure due to market movements.

**OTC Derivatives:** Any OTC foreign exchange contracts entered into will be in accordance with the requirements of the Central Bank UCITS Regulations. Any counterparty to an OTC foreign exchange contract (other than credit institutions authorised within the EEA, Jersey, Guernsey, Isle of Man, Australia or New Zealand) will have a Standard & Poor's credit rating of at least A or a Moody's credit rating of at least A2. A default by or insolvency by a counterparty to an OTC foreign exchange contract may result in the loss of any accrued profit or loss included within the Net Asset Value of the Fund.

**Valuation Risk:** The Fund may be subject to valuation risk due to the manner in which the Fund's target investments are valued. Some of these underlying funds may be valued by fund administrators affiliated to fund managers, or by the fund managers themselves, resulting in valuations which are not verified by an independent third party on a regular or timely basis. Accordingly there is a risk that the valuations of the Fund may not reflect the true value of such underlying fund holdings at a specific Valuation Point, which could result in significant losses for the Fund.

**Estimated Pricing:** Certain target collective investment schemes within the Fund's underlying portfolio may be based on an estimate of the value provided by the manager or adviser of the target investments (Estimated Pricing). Accordingly, the Net Asset Value of a Share which is applicable to subscription and redemption requests may reflect an element of Estimated Pricing. The rationale for this pricing policy is to speed up the process by which the Company issues dealing prices whilst maintaining sufficient accuracy in the pricing to meet the requirements of investors.

**Liquidity Risk:** If the Fund was forced to liquidate all of its assets at short notice, it is likely that certain assets would not be capable of liquidation immediately and the Company may at its discretion and subject to the consent of the Shareholders, distribute such assets to Shareholders pro-rata to their holding of Shares.

Underlying funds may hold back a percentage of redemption proceeds until audited accounts for the relevant financial year have been completed. This may result in a delay in Shareholders receiving the entirety of their redemption proceeds until such time as the accounts of the underlying fund for the relevant financial year have been completed.

In addition, the Fund may be subject to risks associated with any underlying funds which may use side pockets to hold illiquid investments. The use of side pockets by such underlying funds may restrict the ability of the Fund or the Shareholders to fully redeem out of the underlying fund until such investments have been removed from the side pocket. Accordingly, the Fund may be exposed to the performance of the underlying fund's investment for an indefinite period of time until such investment is liquidated.

**Risks Associated with Umbrella Cash Accounts:** The Umbrella Cash Account will operate in respect of the Company rather than a relevant Fund and the segregation of subscription, redemption and dividend monies from the liabilities of Funds other than the relevant Fund to which the subscription, redemption and dividend monies relate is dependent upon, among other things, the correct recording of the assets and liabilities attributable to individual Funds by or on behalf of the Company. In the event of an insolvency of a Fund, there is no guarantee that the Fund will have sufficient monies to pay unsecured creditors (including the investors entitled to subscription, redemption and dividend monies) in full. Monies attributable to other Funds within the Company will also be held in an Umbrella Cash Account. In the event of the insolvency of a Fund (an "Insolvent Fund"), the recovery of any amounts to which another Fund (the "Beneficiary Fund") is entitled, but which may have transferred in error to the Insolvent Fund as a result of the operation of an Umbrella Cash Account, will be subject to applicable law and the operational procedures for the Umbrella Cash Account. There may be delays in effecting, and/or disputes as to, the recovery of such amounts, and the Insolvent Fund may have insufficient funds to repay amounts due to the Beneficiary Fund. It is not expected that any interest will be paid on the amounts held in an Umbrella Cash Account. Any interest earned on the monies in an Umbrella Cash Account will be for the benefit of the relevant Fund to which it relates and will be allocated to the Fund on a periodic basis for the benefit of the Shareholders at the time of the allocation. The Central Bank's guidance on umbrella cash accounts may be subject to change and further clarification.

**Performance Fee:** Investors should note that underlying funds may apply performance fees. Such fees may be payable based on net realised and net unrealised gains and losses at the end of each performance fee calculation period and consequently performance fees may be paid on unrealised gains, which may subsequently never be realised. Further the Fund does not have the ability to net the performance fee of one underlying fund against another giving rise the risk that performance fees are incurred even when the overall performance is negative.

**Potential implications of interest rate benchmark reform:** The London Inter-Bank Offered Rate (**LIBOR**) and the Euro Inter-Bank Offered Rate (**EURIBOR**) are interest rate benchmarks that provide a reference rate for contracts such as derivatives, loans, securities and mortgages.

International regulatory authorities have announced that alternative interest rate benchmarks (**alternative benchmarks**) should be developed and that many existing rates, such as LIBOR and EURIBOR, are unlikely to continue for the long term.

Adopting alternative benchmarks will have far reaching consequences for the financial sector and are likely to require significant industry wide changes to data and technology infrastructure, treasury, accounting, legal, tax, regulatory compliance, controls, governance and oversight.

Changing to alternative benchmarks will impact both the operation and management of the Funds' underlying investments as well as the investment markets traded by the Funds.

There is a risk that the adoption of alternative benchmarks by investment funds that constitute the Funds' portfolios may give rise to additional costs or expense for the Funds or the investors as the alternative benchmarks are likely to use a different calculation methodology.

The Management Company also expects that future borrowing arrangements entered into by the Funds will be priced by reference to the new, alternative interest rate benchmarks.

It is also possible that the adoption of alternative interest rate benchmarks may cause uncertainty, volatility and disruption to investment markets in a way that may reduce the ability of the Funds to implement and execute their strategies effectively. As a result, returns derived from the Funds may be reduced or may lead to losses.

#### 1.13. **Financial Derivative Instruments and Currency Hedging**

The Fund may utilise derivative transactions for the purposes of hedging only. The Fund shall not invest in derivative instruments for speculative purposes. Where the Fund utilises derivatives, no more than 15% of the Fund's Net Asset Value may be utilised as margin or premium to effect these transactions.

The cost and gain/losses of the hedging transactions will accrue solely to the relevant class. However it is possible that liabilities arising from such currency hedging transactions may affect the Net Asset Value of the other classes of Share in the event that the liabilities of such currency hedging transactions exceed the Net Asset Value of that class (prior to allocation of such liabilities).

#### 1.14. **European Benchmarks Regulation**

The Benchmarks Regulation was published in the Official Journal of the EU on 29 June 2016 and entered into force on 30 June 2016. It is directly applicable law across the EU. The majority of its provisions applied from 1 January 2018. The Benchmarks Regulation applies principally to administrators and also, in some respects, to contributors and certain users of benchmarks which in certain circumstances can include investment funds such as the Company.

The Benchmarks Regulation will among other things: (i) require benchmark administrators to be authorised (or, if non-EU-based, to be subject to an equivalent regulatory regime) and make significant changes to the way in which benchmarks falling within scope of the EU Benchmarks Regulation are governed (including reforms of governance and control arrangements, obligations in relation to input data, certain transparency and record-keeping requirements and detailed codes of conduct for contributors); and (ii) prevent certain uses of benchmarks provided by unauthorised administrators by supervised entities in the EU.

Potential effects of the Benchmarks Regulation include (among other things): an index which is a benchmark could not be used by a Fund in certain ways if such index's administrator does not obtain authorisation or, if based in a non-EU jurisdiction, the administrator is not otherwise recognised as equivalent; and the methodology or other terms of the benchmark could be changed in order to comply with the terms of the Benchmarks Regulation, and such changes could (among other things) have the effect of reducing or increasing the rate or level, or affecting the volatility, of the published rate or level of the benchmark.

If any proposed changes change the way in which the benchmarks are calculated or a benchmark is discontinued or is not otherwise permitted to be used by the Company, this could adversely affect a Fund and its Net Asset Value.

For any Fund that comes within the scope of the Benchmarks Regulation, the Company has requested the applicable benchmark administrator for each benchmark used by that Fund to confirm that the benchmark



administrators are, or intend to procure that they are, included in the register maintained by ESMA under the Benchmarks Regulation.

Additional detail regarding the register of administrators and benchmarks maintained by ESMA pursuant to the Benchmarks Regulation will, where applicable, be set out further above in Part One for the relevant Fund.

A plan has been adopted by the Company to address the contingency of a benchmark changing materially or ceasing to be provided in accordance with the Benchmarks Regulation.

### **1.15 Compliance with SFDR and Taxonomy Regulation**

The Fund does not have a sustainable objective or promote environmental or social characteristics for the purposes of the SFDR. As a result, the Fund discloses under Article 6 SFDR.

Pursuant to SFDR, the Management Company is required to disclose the manner in which Sustainability Risks are integrated into the investment process and the results of the assessment of the likely impacts of Sustainability Risks on the investment returns.

#### **Likely impact of sustainability risks on returns**

The Investment Manager believes that Sustainability Risks can materialise in various forms for companies or governments including (but not limited to) (i) reduced revenue due to shifts in customer preferences, negative impacts on the workforce, social unrest and decreased production capacity; (ii) increased operating/capital costs; (iii) write-off and early retirement of existing assets; (iv) loss of reputation due to fines and judgements and loss of license to operate; (v) the risk score (and market for) government bonds. The likely impact on the return of the Fund from a Sustainability Risk will vary and depend on several factors, including, but not limited to the specific market exposures maintained by the funds held by the Fund as well as the type, extent, complexity, duration of the event or condition, prevailing market conditions and the existence of any mitigating factors.

#### **Integration of sustainability risks into investment decisions**

Since the Fund does not generally invest directly into company and government issued securities and instead invests into a diverse portfolio of funds utilising a range of different alternative strategies, including, without limitation, long/short equity on a regional, global or sectoral basis, global macro, arbitrage and event driven strategies these Sustainability Risks are harder to factor. As a result, the Investment Manager has developed a research assessment framework that is designed to understand the extent to which the Fund has in place processes to assess and mitigate ESG risks. This ESG assessment framework forms part of the due diligence work undertaken by the Investment Manager in the context of the investment selection process. The Investment Manager expects that, over time, this framework will both strengthen the consideration of ESG risk factors in respect of the Fund as well as providing a basis from which they can push for the adoption of industry best practice. Over time, it is hoped that these steps may act to mitigate Sustainability Risks arising in respect of the Fund's assets. It is important to note that there is no guarantee that these measures will mitigate or prevent Sustainability Risks materialising in respect of the Fund's assets.

#### **Consideration of Principal Adverse Impacts (PAI)**

SFDR requires the Management Company to determine whether it considers the PAI of its investment decisions on sustainability factors. The Investment Manager implements this consideration on behalf of the Management Company. The Investment Manager is supportive of the aim of this requirement, which is to improve transparency to investors and the market generally as to how the PAI of investment decisions on sustainability factors are considered.

At the date of this Prospectus, the Investment Manager is not able to consider PAI on the basis that, in the context of funds that may be contained within the Fund, it is not possible to obtain consistent PAI data.

HSBC Asset Management continues to seek to develop proprietary sustainability frameworks to improve data availability and consistency and may apply these in the future.

As a result of these factors, the investments underlying the Fund do not take into account the EU criteria for environmentally sustainable economic activities.

The Management Company has published a statement on principal adverse impacts of investment decisions on sustainability factors which is available in English and French at [www.assetmanagement.hsbc.lu](http://www.assetmanagement.hsbc.lu). This consolidated report will be updated on an annual basis and covers a description of the PAIs on sustainability factors, which includes an explanation for each PAI and the actions taken, action planned and targets set for the next reference period. A summary of the report is available on HSBC Asset Management's website in the Fund Centre at [www.assetmanagement.hsbc.com](http://www.assetmanagement.hsbc.com).

# Part two

## 2. General fund information

### 2.1. Investment objective and policies

The investment objective and policies of the Funds currently in operation are set out in Part One. The investment restrictions applying to the Funds of the Company are set out in Part One and Appendix I.

Any change in the investment objective and any material change in the investment policy of any Fund during the life of a Fund will only be made:

- ▶ with the prior written approval of all the Shareholders in the Fund; or
- ▶ by ordinary resolution of the Shareholders of the relevant Fund held at a general meeting; and
- ▶ with the consent of the Central Bank.

In the event of a change of investment objectives and/or investment policy, a reasonable notification period must be provided by the Company, to enable Shareholders to redeem their Shares prior to implementation of these changes.

### 2.2. How to buy shares

Investors buying Shares for the first time should complete the application form available from the Global Distributor, the Investment Manager or the Company and forward it to the Administrator by facsimile or by other electronic means, in such format or method as shall be agreed in advance with the Administrator and subject to and in accordance with the requirements of the Central Bank, (with the original forwarded by post) or post. Applications received by facsimile or by other electronic means, in such format or method as shall be agreed in advance with the Administrator and subject to and in accordance with the requirements of the Central Bank, shall be processed but Shares shall not be registered in the name of the investor until the Administrator is in receipt of an original application form and all anti-money laundering documentation has been promptly received by the Administrator. Subsequent subscription applications may be made by facsimile or by other electronic means, in such format or method as shall be agreed in advance with the Administrator and subject to and in accordance with the requirements of the Central Bank, without a requirement to submit original documentation by the Administrator.

A subscription charge of up to 5% of the Net Asset Value per Share may, depending on the Fund selected, be payable to the Company or as it shall direct. Details of the subscription charge payable in relation to a Fund are set out in Part One.

Subscription requests received by the Administrator up to the Dealing Deadline will be dealt with on the next Dealing Day. Requests received after the relevant Dealing Deadline will be treated as having been received as of the next Dealing Deadline.

The minimum initial investment and the minimum additional investment amount in a Fund will be determined at the time of creation of the Fund. Details of the minimum investment amount and the minimum additional amount for a Fund are set in Part One. The Directors may increase or reduce these amounts if, in their absolute discretion, they consider that the circumstances warrant such an increase or reduction in accordance with the requirements of the Central Bank.

Shares will be issued to two decimal places.

Settlement for subscriptions will normally be by telegraphic transfer to be received by close of business on the Business Day immediately preceding the relevant Dealing Day (or such longer or shorter period as the Directors may determine on prior notification to Shareholders and with the consent of the Depositary). The Company and/or the Management Company has the right to cancel any purchase contract which is not settled in full. Any failure

or default by an investor to transmit subscription monies by close of business on the relevant Dealing Day may result in certain losses, costs or expenses for the account of a Fund. Investors agree to indemnify the Company, the Management Company, the Directors and the Investment Manager for any losses, costs or expenses incurred by them as a result of the failure or default of the investor to transmit subscription monies in immediately available funds for the account of such Fund by close of business on the relevant Dealing Day.

A confirmation statement containing written confirmation of ownership of Shares will normally be issued within 48 hours after the relevant Valuation Point for the relevant Dealing Day.

There is a single price for buying Shares in a Fund which is represented by the Net Asset Value per Share of the relevant Share Class in a Fund. Following the closing of the relevant Initial Offer Period the issue price in respect of any applications for Shares received prior to the relevant Dealing Deadline for a particular Dealing Day will be the Net Asset Value per Share determined at the Valuation Point on that Dealing Day.

#### **Anti-Money Laundering and Prevention of Terrorist Financing**

Measures which are aimed at the prevention of money laundering and terrorist financing will require a detailed verification of the investor's identity, address and source of funds and where applicable the beneficial owner on a risk sensitive basis and the ongoing monitoring of the business relationship with the Company; for example an individual will be required to produce a copy of his passport or identification card together with two items evidencing his address, such as a utility bill or a bank statement and his date of birth (copies must not be more than six months old). In the case of corporate applicants this may require production of certified copies of the certificate of incorporation (and any change of name), constitution (or equivalent) and the names, occupations, dates of birth and residential and business address of the Directors of the Company and beneficial owners (who may also be required to verify their identity as described).

Politically exposed persons (**PEPs**), being an individual who is or has, at any time in the preceding year, been entrusted with prominent public functions, and immediate family member, or persons known to be close associates of such persons, must also be identified.

Depending on the circumstances of each application, a detailed verification may not be required where: (a) the investor makes payment from an account held in the investors name at a recognised financial intermediary; or (b) the application is made through a recognised intermediary. These exceptions will only apply if the financial institution or intermediary referred to above is located within a country recognised by Ireland as having equivalent anti-money laundering and counter terrorist financing regulations or satisfies other applicable conditions.

The Administrator and the Company each reserves the right to request such information and documentation as is necessary to comply with its obligations to the Company or otherwise, including but not limited to, information and documentation in relation to the verification of identity of an applicant and its beneficial owners, as applicable, the source of funds and/or ongoing due diligence of an applicant and its account with the Company and/or the Administrator. In the event of delay or failure by an investor or applicant to produce any information or documentation required for such purposes, the Administrator, the Management Company or the Company may refuse to accept the application, subject to applicable law, and return all subscription monies or compulsorily redeem such Shareholder's Shares and/or payment of redemption proceeds will be withheld and will not be dispatched to a Shareholder until such information or documentation is received by the Administrator or the Company and none of the Company, the Directors, the Management Company, the Investment Manager, the Depositary, the Administrator shall be liable to the Applicant or Shareholder where an application for Shares is not processed or Shares are compulsorily redeemed or redemption proceeds are withheld in such circumstances. If an application is rejected, the Administrator will return application monies or the balance thereof by electronic transfer in accordance with any applicable laws to the account from which it was paid at the cost and risk of the Applicant. In certain circumstances and as considered necessary on a case-by-case basis, the Directors ultimately reserve the right to discontinue an investment relationship in accordance with section 33(8) of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010, as amended. Applicants should note that redemption proceeds will only be made to the account of record.

The Articles provide that Shares acquired directly or indirectly by persons or entities who or which fail to provide such evidence, undertakings, documentation or supporting documentation as may be required for anti-money laundering, counter terrorism or tax legislation or other legal or regulatory requirement applicable or where the Directors consider it necessary in view of any anti-money laundering or counter terrorism provisions applicable to the Company may be subject to compulsory repurchase by the Company.

Each applicant for Shares acknowledges that each of the Administrator and the Company shall be held harmless against any loss arising as a result of a failure to process his/her application for Shares or redemption request, if such information and documentation has been requested by the Administrator and has not been provided by the applicant. Furthermore the Company or the Administrator also reserve the right to refuse to make any redemption payment or distribution to a Shareholder if any of the Directors of the Company or the Administrator suspects or is advised that the payment of any redemption or distribution moneys to such Shareholder might result in a breach or violation of any applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or such refusal is considered necessary or appropriate to ensure the compliance by the Company, its Directors or the Administrator with any such laws or regulations in any relevant jurisdiction.

## **Data Use**

**Data Protection Legislation** means the Irish Data Protection Acts 1988 to 2018, EU Data Protection Directive 95/46/EC and the EU Privacy & Electronic Communications Directive 2002/58/EC, any relevant amendments and replacement legislation including the EU General Data Protection Regulation (EU) 2016/679, European Commission decisions, binding EU and national guidance and all national implementing legislation.

**GDPR** means Regulation (EU) 2016/679 known as the General Data Protection Regulation, which came into force on 25 May 2018, as amended.

**Personal Data** means any data relating to a living individual who can be identified directly from that data or indirectly in conjunction with other information in accordance with the Data Protection Legislation.

Personal Data may be provided to the Company in connection with your investment in the Company. The Company may hold some or all of the following types of Personal Data in relation to you as a Shareholder and/or prospective investor (and your directors, officers, employees and/or beneficial owners): name, address/other contact details (telephone, email address), date/place of birth, gender, tax number, FATCA or CRS (as defined below under the section entitled Common Reporting Standard) status, nationality, bank details, photographic ID, proofs of address (usually utility bills) as furnished by you as a Shareholder or prospective investor when completing the application form for subscription of shares in the Company or to keep that information up to date. The Company or its delegate or service provider may also obtain further Personal Data on those individuals by way of PEP checks, sanctions checks, negative news checks and screening checks. Where you have furnished Personal Data in respect of your officers, employees and beneficial owners to the Company, you must furnish the information above on data protection to them.

In the course of business, the Company may collect, record, store, adapt, transfer and otherwise process Personal Data. The Company is a data controller within the meaning of Data Protection Legislation and will hold any Personal Data provided by or in respect of investors in accordance with Data Protection Legislation.

The Company and/or any of its delegates or service providers and its or their duly authorised agents (including the Administrator, Depositary, Investment Manager, Management Company and Global Distributor, paying, correspondent or representative agents) may process a Shareholder's and/or prospective investor's Personal Data, as a processor or controller, for any one or more of the following purposes and on the following legal bases:

- to operate and provide services to the Company and the Funds, including managing and administering a Shareholder's or investors investment in the Company or a Fund, including for transfer agency or analysis and any related accounts on an on-going basis which enables the Company to satisfy the contractual duties and obligations to the Shareholder or investor and any processing necessary for the preparation of the contract with the Shareholder or investor;
- to comply with any applicable legal, tax or regulatory obligations or guidance applicable to Shareholders or investors or the Company, and/or its delegates or service providers and their delegates or agents, for example, under the Companies Acts, the Central Bank UCITS Regulations, the EU UCITS Regulations, anti-money laundering and counter-terrorism, financial crime risk management and tax legislation, requirements or guidance, including FATCA and CRS and/or fraud prevention; crime detection, prevention and investigation;

- for any other legitimate business interests of the Company or a third party to whom Personal Data is disclosed, where such interests are not overridden by the interests of the investor, including for statistical analysis, market research purposes and to perform financial and/or regulatory reporting.

The Company and/or any of its appointees, delegates or service providers may disclose or transfer Personal Data, whether in Ireland or elsewhere (including entities situated in countries outside of the EEA), to other delegates, duly appointed agents and service providers of the Company (and any of their respective related, associated or affiliated companies or sub-delegates) and to third parties including advisers, regulatory bodies, taxation authorities, auditors, and technology providers or to the Company, its service providers or delegates for the purposes specified above.

The Company and/or any of its appointees, delegates and service providers will not transfer Personal Data to a country outside of the EEA, unless that country ensures an adequate level of data protection or appropriate safeguards are in place. The European Commission has prepared a list of countries that are deemed to provide an adequate level of data protection which, to date, includes Switzerland, Guernsey, Argentina, the Isle of Man, Faroe Islands, Jersey, Andorra, Israel, New Zealand and Uruguay. Further countries may be added to this list by the European Commission at any time. If a third country does not provide an adequate level of data protection, then the Company and/or any of its appointees, delegates and service providers will ensure it puts in place appropriate safeguards, such as the model clauses (which are standardised contractual clauses, approved by the European Commission) or binding corporate rules, or relies on one of the derogations provided for in Data Protection Legislation. In the event that data is transferred to any such countries outside of the EEA details will be made available via: <http://www.global.assetmanagement.hsbc.com/privacy-notices>.

Personal Data will be retained by or on behalf of Company for the duration of a Shareholder's investment and otherwise in accordance with applicable legal obligations. The Company will take all reasonable steps to destroy or erase the data from its systems when they are no longer required.

Shareholders and investors have a right of access to their Personal Data kept by or on behalf of the Company, the right to amend and rectify any inaccuracies in their Personal Data held by or on behalf of the Company, the right to data portability of their personal data held by or on behalf of the Company and the right to object to the processing of their Personal Data where that processing is carried out for the Company's legitimate interests, subject in each case to any restrictions imposed by Data Protection Legislation and any statutory obligations to retain information, including but not limited to, any anti-money laundering, counter-terrorism, or tax legislation. Where specific processing is based on an investor's consent, that investor has the right to withdraw it at any time. For further information in relation to your data protection rights refer to the website of the Office of the Data Protection Commissioner at [www.dataprotection.ie](http://www.dataprotection.ie).

Where processing is carried out on behalf of the Company, the Company shall engage a data processor, within the meaning of Data Protection Legislation, which implements appropriate technical and organisational security measures in a manner that such processing meets the requirements of Data Protection Legislation, and ensures the protection of the rights of investors. The Company will enter into a written contract with the data processor which will set out the data processor's specific mandatory obligations laid down in Data Protection Legislation, including to process Personal Data only in accordance with the documented instructions from the Company.

As part of the Company's business and ongoing monitoring, the Company may from time to time carry out automated decision-making in relation to investors, including, for example, profiling of investors in the context of anti-money laundering reviews, and this may result in an investor being identified to the revenue authorities, law enforcement authorities and to other entities where required by law, and the Company terminating its relationship with the investor.

Shareholders and investors are required to provide their Personal Data for statutory and contractual purposes. Failure to provide the required Personal Data will result in the Company being unable to permit, process, or release the investor's investment in the Funds and this may result in the termination the relationship with the investor. Investors have a right to lodge a complaint with the Data Protection Authority if they are unhappy with how the Company is handling their Personal Data.

Any questions about the operation of the data protection policy on behalf of the Company on should be referred in the first instance to [dubafsinvestor@hsbc.com](mailto:dubafsinvestor@hsbc.com).

The Company's data protection policy may be updated from time to time, please see the latest version here:

<http://www.global.assetmanagement.hsbc.com/privacy-notice>.

### 2.3. How to sell shares

Instructions to sell Shares should be addressed to the Administrator and may be made by facsimile or by other electronic means, in such format or method as shall be agreed in advance with the Administrator and subject to and in accordance with the requirements of the Central Bank, or by post and must be given by all joint Shareholders, where applicable. Such instructions will only be processed where (i) the Administrator has received an original application form from the relevant Shareholder together with all relevant anti-money laundering documentation (ii) all money laundering checks have been completed and (iii) payment is made to the account of record nominated by the registered holder. Any amendments to a Shareholder's registration details and payment instructions will only be effected on receipt of original documentation.

A repurchase charge of up to 3% of the Net Asset Value per Share may, depending on the Fund selected, be payable to the Company or as it shall direct. Details of any repurchase charge payable in relation to a Fund are set out in Part One. The Repurchase Price will be the prevailing Net Asset Value per Share (net of any repurchase charge payable).

Any repurchase request for Shares which would have the effect of reducing an investor's minimum holding below that required for a Fund or Share Class, as the case may be, may be treated by the Directors, in their sole and absolute discretion, as a request for a repurchase of an investor's entire holding of Shares in the relevant Fund or Share Class.

When a repurchase request has been submitted by an investor who is, or is deemed to be, a Taxable Irish Person or is acting on behalf of a Taxable Irish Person, the Administrator shall deduct from the repurchase proceeds an amount which is equal to the tax payable by the Fund to the Irish Revenue Commissioners in respect of the relevant transaction.

Instructions received by the Administrator prior to the relevant Dealing Deadline will be dealt with on the next Dealing Day. Instructions received after the relevant Dealing Deadline will be treated as having been received as of the next Dealing Deadline.

Shares will be redeemed at the prevailing Net Asset Value per Share. The redemption price of Shares in respect of redemption requests received prior to the relevant Dealing Deadline will be the Net Asset Value per Share determined at the relevant Valuation Point on the relevant Dealing Day.

Settlement for redemptions will be made by telegraphic transfer by close of business on the fifth Business Day immediately following the relevant Dealing Day (or such shorter or longer period (not exceeding 14 days from the relevant Dealing Deadline) as the Directors may determine on prior notification to Shareholders and with the consent of the Depositary), provided that all the required documentation has been furnished to and received by the Administrator. Payment will be made in the Base Currency of a Fund, or if a Fund has more than one Share Class in the reference currency of the relevant Share Class, to an account nominated by the Shareholder. To reduce the risk of fraud, such payments will only be paid to:

- ▶ the registered Shareholder (all holders in the case of joint Shareholders) by cheque marked **Account payee**; or
- ▶ the registered Shareholder (all holders in the case of joint Shareholders) by telegraphic transfer to his/her own bank account

Shares may not be transferred or repurchased by the Company during any period when the calculation of the Net Asset Value of a Fund is suspended in the manner described in Appendix II. Shareholders requesting a transfer or repurchase will be notified of such suspension and, unless withdrawn, repurchase requests will be considered as at the next Dealing Day following the end of such suspension.

Further conditions relating to the repurchase of Shares are set out on Appendix II.

### 2.4. How to switch between funds

Subject to the creation of additional Funds, Shareholders will be able to exchange their Shares in one Fund for Shares of another Share Class in the same Fund or in another Fund of the Company unless otherwise provided

for in Part One. Instructions to switch Shares must be sent to the Administrator by facsimile or by other electronic means, in such format or method as shall be agreed in advance with the Administrator and subject to and in accordance with the requirements of the Central Bank, or by post and must be given by all joint Shareholders, where applicable. Instructions should include full registration details together with the number of Shares to be switched between named Funds.

Switching instructions received prior to the Dealing Deadline for a Dealing Day will be dealt with on that Dealing Day. Instructions received after the Dealing Deadline for a Dealing Day will be dealt with on the following Dealing Day.

The number of Shares to be issued in relation to a switch will be calculated in accordance with the relevant provisions contained in the Articles and such Shares will be issued rounded up to two decimal places.

A switching charge of up to 3% of the Net Asset Value per Share may, at the discretion of the Directors, be payable to the Company, details of which are set out in Part One.

Details of the minimum investment amount and minimum investment applying to a Share Class or to a Fund are contained in Part One. Shareholders must therefore switch Shares having a value equal to the relevant minimum investment amount specified in Part One as an initial investment into a specific Share Class or into a Fund. In the case of a switch of a partial holding, the minimum value of the remaining holding in a Share Class or a Fund, as the case may be, should be equal to the minimum holding for that Fund. Subject to the requirements of the Central Bank, the Directors may increase or reduce these minimum investment amounts or minimum holding, if in their absolute discretion, they consider that the circumstances so warrant.

## 2.5. Dividends

The dividend policy for each Fund or Share Class, as applicable, will be determined by the Directors at the time of creation of the Fund or Share Class. See Part One for information on dividend policies and payment dates in relation to a Fund or Share Class. All dividends will be sent to Shareholders by post, at their expense and risk, or will be made by electronic payment.

The Articles provide that the Directors may declare dividends on Shares as appear to the Directors to be justified by the profits being the net revenue of the relevant Fund or Share Class including interest and dividends and realised and unrealised profits on the disposal/valuation of investments less realised and unrealised losses (including fees and expenses) of the relevant Fund. It is the current intention of the Directors that any dividends payable shall be paid out of net income.

## 2.6. Meetings and reports to shareholders

The Directors intend that the annual general meeting of Shareholders will be held in Dublin each year.

The financial year of the Company ends on 31 December each year. The Company's annual report and audited accounts of the Company will be sent to Shareholders within 4 months after the conclusion of each accounting year and at least 21 days before the general meeting of the Company at which they are to be submitted for approval. Semi-annual report and unaudited accounts of the Company, made up to 30 June in each year will also be sent to Shareholders within 2 months of the date to which it is made up. A copy of the Company's audited financial statements will be sent to Shareholders and prospective investors on request.

## 2.7. Taxation

**The following statements are by way of a general guide to potential investors and Shareholders only and do not constitute tax advice. Shareholders and potential investors are therefore advised to consult their professional advisers concerning possible taxation or other consequences of purchasing, holding, selling or otherwise disposing of the Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile.**

Shareholders and potential investors should note that the following statements on taxation are based on advice received by the Directors regarding the law and practice in force in the relevant jurisdiction at the date of this document and proposed regulations and legislation in draft form. As is the case with any investment, there can



be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made in the Company will endure indefinitely.

## **Ireland**

---

### **Tax on income and capital gains**

#### **The Company**

On the basis that the Company is a UCITS it is outside the scope of Part 27 Chapter 1B of the TCA dealing with Irish real estate funds. The Directors have been advised that the Company will only be subject to tax on chargeable events in respect of Shareholders who are Taxable Irish Persons (generally persons who are resident or ordinarily resident in Ireland for tax purposes – see Irish tax definitions below) subject to the appropriate declaration having been provided by those Shareholders who are not Taxable Irish Persons.

A chargeable event occurs on for example:

- ▶ a payment of any kind to a Shareholder by the Company in respect of their Shares;
- ▶ a transfer, cancellation, redemption or repurchase of Shares; and
- ▶ on the eighth anniversary of a Shareholder acquiring Shares and every subsequent eighth anniversary

but does not include any transaction in relation to Shares held in a clearing system recognised by the Irish Revenue Commissioners, certain transfers arising as a result of an amalgamation or reconstruction of fund vehicles and certain transfers between spouses or former spouses.

If a Shareholder is not a Taxable Irish Person at the time a chargeable event arises no Irish tax will be payable on that chargeable event in respect of that Shareholder.

Where tax is payable on a chargeable event, subject to the comments below, it is a liability of the Company which is recoverable by deduction or, in the case of a transfer and on the eight year rolling chargeable event by cancellation or appropriation of Shares from the relevant Shareholders. In certain circumstances, and only after notification by the Company to a Shareholder, the tax payable on the eight year rolling chargeable event can at the election of the Company become a liability of the Shareholder rather than the Company. In such circumstances the Shareholder must file an Irish tax return and pay the appropriate tax (at the rate set out below) to the Irish Revenue Commissioners.

In the absence of the appropriate declaration being received by the Company or filed by the Company (if applicable) that a Shareholder is not a Taxable Irish Person or if the Company has information that would reasonably suggest that a declaration is incorrect and in the absence of written notice of approval from the Revenue Commissioners to the effect that the requirement to have been provided with such declaration is deemed to have been complied with (or following the withdrawal of, or failure to meet any conditions attaching to such approval), the Company will be obliged to pay tax on the occasion of a chargeable event (even if in fact the Shareholder is neither resident nor ordinary resident in Ireland). Where the chargeable event is an income distribution tax will be deducted at the rate of 41%, or at the rate of 25% where the Shareholder is a company and the appropriate declaration has been made, on the amount of the distribution.

Where the chargeable event occurs on any other payment to a Shareholder, on a transfer of Shares and on the eight year rolling chargeable event, tax will be deducted at the rate of 41% on the increase in value of the Shares since their acquisition. Tax will be deducted at the rate of 25% on such transfers where the Shareholder is a Company and the appropriate declaration has been made. In respect of the eight year rolling chargeable event, there is a mechanism for obtaining a refund of tax where the Shares are subsequently disposed of for a lesser value.

An anti-avoidance provision increases the 41% rate of tax to 60% (80% where details of the payment/disposal are not included in the individual's tax return) if, under the terms of an investment in a fund, the investor or certain persons associated with the investor have an ability to influence the selection of the assets of that fund.

Other than in the instances described above the Company will have no liability to Irish taxation on income or chargeable gains.

#### **Shareholders**

Shareholders who are neither resident nor ordinarily resident in Ireland in respect of whom the appropriate declarations have been made (or in respect of whom written notice of approval from the Revenue Commissioners has been obtained by the Company to the effect that the requirement to have been provided with such declaration from that Shareholder or class of Shareholders to which the Shareholder belongs is deemed to have been complied with) will not be subject to Irish tax on any distributions from the Company or any gain arising on redemption, repurchase or transfer of their shares provided the shares are not held through a branch or agency in Ireland. No tax will be deducted from any payments made by the Company to those Shareholders who are not Taxable Irish Persons.

Shareholders who are Irish resident or ordinarily resident or who hold their shares through a branch or agency in Ireland may have a liability under the self-assessment system to pay tax, or further tax, on any distribution or gain arising from their holdings of Shares. In particular where the Company has elected to not deduct tax at the occasion of the eight year rolling chargeable event a Shareholder will have an obligation to file a self-assessment tax return and pay the appropriate amount of tax to the Irish Revenue Commissioners. Certain Irish resident and ordinarily resident Shareholders will be exempt from exit tax on distributions and gains on redemptions by the Company provided the appropriate declaration is in place.

Refunds of tax where a relevant declaration could be made but was not in place at the time of a chargeable event are generally not available except in the case of certain corporate Shareholders within the charge to Irish corporation tax.

## **Stamp Duty**

No Irish stamp duty will be payable on the subscription, transfer or redemption of Shares provided that no application for Shares or re-purchase or redemption of Shares is satisfied by an in specie transfer of any Irish situated property.

## **Capital Acquisitions Tax**

No Irish gift tax or inheritance tax (capital acquisitions tax) liability will arise on a gift or inheritance of Shares provided that:

- ▶ at the date of the disposition the transferor is neither domiciled nor ordinarily resident in Ireland and at the date of the gift or inheritance the transferee of the Shares is neither domiciled nor ordinarily resident in Ireland; and
- ▶ the Shares are comprised in the disposition at the date of the gift or inheritance and the valuation date.

## **Information exchange and the implementation of FATCA in Ireland**

Irish reporting financial institutions, which may include the Company, have reporting obligations in respect of certain investors under FATCA as implemented pursuant to the Ireland – US intergovernmental agreement and/or the OECD's Common Reporting Standard (see below).

With effect from 1 July 2014 the Company is obliged to report certain information in respect of U.S. investors in the Company to the Irish Revenue Commissioners who will then share that information with the U.S. tax authorities.

The Foreign Account Tax Compliance provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010 (**FATCA**), impose a 30% US withholding tax on certain 'withholdable payments' made on or after 1 July 2014 unless the payee enters into and complies with an agreement with the U.S. Internal Revenue Service (**IRS**) to collect and provide to the IRS substantial information regarding direct and indirect owners and account holders.

On 21 December 2012 Ireland signed an Intergovernmental Agreement (**IGA**) with the United States to Improve International Tax Compliance and to Implement FATCA. Under this agreement Ireland agreed to implement legislation to collect certain information in connection with FATCA and the Irish and U.S. tax authorities have agreed to automatically exchange this information. The IGA provides for the annual automatic exchange of information in relation to accounts and investments held by certain U.S. persons in a broad category of Irish financial institutions and vice versa.

Under the IGA and the Financial Accounts Reporting (United States of America) Regulations 2014 (as amended) (the **Irish Regulations**) implementing the information disclosure obligations Irish financial institutions such as the Company are required to report certain information with respect to U.S. account holders to the Revenue

Commissioners. The Revenue Commissioners will automatically provide that information annually to the IRS. The Company (and/or the Administrator or Investment Manager on behalf of the Company) must obtain the necessary information from investors required to satisfy the reporting requirements whether under the IGA, the Irish Regulations or any other applicable legislation published in connection with FATCA and such information is being sought as part of the application process for units in the Company. It should be noted that the Irish Regulations require the collection of information and filing of returns with the Irish Revenue Commissioners regardless as to whether the Company holds any U.S. assets or has any U.S. investors.

If a Shareholder causes the Company to suffer a withholding for or on account of FATCA (**FATCA Deduction**) or other financial penalty, cost, expense or liability, the Company and/or the Management Company may compulsorily redeem any Shares of such Shareholder and/or take any actions required to ensure that such FATCA Deduction or other financial penalty, cost, expense or liability is economically borne by such Shareholder. While the IGA and Irish Regulations should serve to reduce the burden of compliance with FATCA, and accordingly the risk of a FATCA withholding on payments to the Company in respect of its assets, no assurance can be given in this regard. As such, Shareholders should obtain independent tax advice in relation to the potential impact of FATCA before investing.

## **Common Reporting Standard (CRS)**

The goal of the CRS is to provide for the annual automatic exchange between governments of financial account information reported to them by local Financial Institutions (**FIs**) relating to account holders tax resident in other participating countries to assist in the efficient collection of tax. The OECD, in developing the CAA and CRS, have used FATCA concepts and as such the Standard is broadly similar to the FATCA requirements, albeit with numerous alterations. It will result in a significantly higher number of reportable persons due to the increased instances of potentially in-scope accounts and the inclusion of multiple jurisdictions to which accounts must be reported.

Ireland is a signatory jurisdiction to the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information, which was entered into by Ireland in its capacity as a signatory to the Convention on Mutual Administrative Assistance in Tax Matters and which relates to the automatic exchange of financial account information in respect of CRS, while sections 891F and 891G of the TCA and regulations made thereunder contain measures necessary to implement the CRS internationally and across the European Union, respectively. Regulations, the Returns of Certain Information by Reporting Financial Institutions Regulations 2015 (the “CRS Regulations”), gave effect to the CRS from 1 January 2016.

Directive 2014/107/EU on Administrative Cooperation in the Field of Taxation (**DAC II**) implements CRS in a European context and creates a mandatory obligation for all EU Member States to exchange financial account information in respect of residents in other EU Member States on an annual basis commencing in 2017 in respect of the 2016 calendar year. Section 891G of the TCA contained measures necessary to implement the DAC II. Regulations, the Mandatory Automatic Exchange of Information in the Field of Taxation Regulations 2015 (together with the CRS Regulations, the “Regulations”), gave effect to DAC II from 1 January 2016.

Under the Regulations, reporting financial institutions are required to collect certain information on accountholders and on certain Controlling Persons (as defined in the Regulations) in the case of the accountholder(s) being an Entity, as defined for CRS purposes, (e.g. name, address, jurisdiction of residence, TIN, date and place of birth (as appropriate), the account number and the account balance or value at the end of each calendar year) to identify accounts which are reportable to the Irish tax authorities. The Irish tax authorities shall in turn exchange such information with their counterparts in participating jurisdictions. Further information in relation to CRS and DAC II can be found on the Automatic Exchange of Information webpage on [www.revenue.ie](http://www.revenue.ie).

## **Other Irish tax matters**

The income and/or gains of a Company from its securities and assets may suffer withholding tax in the countries where such income and/or gains arise. The Company may not be able to benefit from reduced rates of withholding tax in double taxation agreements between Ireland and such countries. If this position changes in the future and the application of a lower rate results in repayment to that Company, the net asset value of the Company will not be restated and the benefit will be allocated to the existing Shareholders rateably at the time of repayment.

## **Certain Irish tax definitions**

## Residence – Company

Prior to Finance Act 2014, company residence was determined with regard to the long-established common law rules based on central management and control. These rules were significantly revised in Finance Act 2014 to provide that a company incorporated in the State will be regarded as resident for tax purposes in the State, unless it is treated as resident in a treaty partner country by virtue of a double taxation treaty. While the common law rule based on central management and control remains in place, it is subject to the statutory rule for determining company residence based on incorporation in the State set out in the revised section 23A TCA 1997.

The incorporation rule for determining the tax residence of a company incorporated in the State applies to companies incorporated on or after 1 January 2015. For companies incorporated in the State before this date, a transition period applied until 31 December 2020.

## Residence – Individual

An individual will be regarded as being resident in the State for a tax year if s/he:

- ▶ spends 183 days or more in the State in that tax year; or
- ▶ has a combined presence of 280 days in the State, taking into account the number of days spent in the State in that tax year together with the number of days spent in the State in the preceding year.

Presence in a tax year by an individual of not more than 30 days in the State will not be reckoned for the purpose of applying the two year test. Up to 31 December, 2008, presence in the State for a day means the personal presence of an individual at the end of the day (midnight). **From 1 January 2009, presence in the State for a day means the personal presence of an individual at any time during the day.**

## Ordinary Residence - Individual

The term **ordinary residence** as distinct from **residence**, relates to a person's normal pattern of life and denotes residence in a place with some degree of continuity.

An individual who has been resident in the State for three consecutive tax years becomes ordinarily resident with effect from the commencement of the fourth tax year.

An individual who has been ordinarily resident in the State ceases to be ordinarily resident at the end of the third consecutive tax year in which s/he is not resident. Thus, an individual who is resident and ordinarily resident in the State in 2023 and departs from the State in that tax year will remain ordinarily resident up to the end of the tax year in 2026.

## Intermediary

This means a person who:

- ▶ carries on a business which consists of, or includes, the receipt of payments from an investment undertaking resident in Ireland on behalf of other persons; or
- ▶ holds units in an investment undertaking on behalf of other persons.

## United Kingdom

---

### General

The information contained below is provided for UK resident investors only and is based on our understanding of UK tax legislation and the known current **HMRC** interpretation thereof. This can vary according to individual circumstances and is subject to change. It is intended as a guide only and not a substitute for professional advice. It does not purport to be a complete analysis of all tax considerations relating to the holding of Shares. The information given below does not constitute legal or tax advice, and prospective investors should consult their own professional advisers as to the overall legal and tax implications of subscribing for, purchasing, holding, switching or disposing of Shares under the laws of any jurisdiction in which they may be subject to tax.

This summary in particular does not address the tax consequences for non UK resident persons who hold the Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or permanent establishment). In addition, the summary only addresses the tax consequences for UK

holders who hold the Shares as an investment and not as trading stock. It does not deal with the position of certain classes of investors, such as dealers in securities and insurance companies, trusts and persons who have acquired their Shares by reason of their or another's employment, nor does it deal with the position of individuals who are UK resident but not UK domiciled.

As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Company is made will endure indefinitely. The following statements are based on current tax legislation, together with HMRC practice, all of which are subject to change at any time - possibly with retrospective effect.

## Nature of investment

Investors will acquire Shares in a particular Fund of the Company. The Company is an Irish incorporated open-ended investment company with variable capital and is structured as an umbrella company. The Company is authorized as a UCITS by the Central Bank of Ireland under the EU UCITS Regulations.

## Taxation status of the Company

We understand that the Company is not a transparent entity for UK taxation purposes. The Directors intend to conduct the affairs of the Company so that it does not become resident in the United Kingdom and does not carry on a trade within the United Kingdom for UK taxation purposes. Further comfort can also be obtained from the relieving provisions of s363A TIOPA 2010. Accordingly, whilst the position cannot be guaranteed, the Company should not be subject to United Kingdom income tax or corporation tax other than on certain United Kingdom source income.

If the Company should invest in UK investments any UK source income arising may be subject to UK withholding tax depending on the nature of those investments and whether the Company can make a valid treaty claim to avoid or minimise such withholding tax. In addition, The Company may be subject to local withholding taxes in respect of income or gains derived from its investments in underlying investee countries.

Each Share Class of the Company should be treated as an **"offshore fund"** for the purposes of the UK Offshore Companies tax regime in Section 355 of the Taxation (International and Other Provisions) Act 2010. The UK's reporting fund regime, which is contained in the Offshore Funds (Tax) Regulations 2009 (SI 2009/3001), therefore applies to these Share Classes.

In broad terms, a 'reporting fund' is an offshore fund that meets certain upfront and annual reporting requirements to HMRC and its Shareholders.

The Offshore Funds (Tax) Regulations 2009 (SI 2009/3001) provide that if an individual investor resident in the UK for taxation purposes holds an interest in an offshore fund and that offshore fund is a 'reporting fund' for the entire period they hold their interest, any gain accruing upon sale or other disposal of the interest should be subject to tax as a capital gain rather than income; with relief for any accumulated or reinvested profits which have already been subject to UK income tax or corporation tax on income. Alternatively, where an investor resident in the UK holds an interest in an offshore fund and that offshore fund is a 'non-reporting fund', any gain accruing to that investor upon the sale or other disposal of that interest will be charged to UK tax as 'offshore income gains' at their marginal rate of tax rather than a capital gain.

The Company has UK reporting fund status for certain Share Classes for for the accounting period ended 31 December 2010 and later periods.

Details of which Share Classes have UK reporting fund status can be found on the HM Revenue & Customs' website at [www.hmrc.gov.uk](http://www.hmrc.gov.uk). At the date of this Prospectus the exact location of this list is: <https://www.gov.uk/government/publications/offshore-funds-list-of-reporting-funds>

The Directors will take steps that are practicable and consistent both with the laws and regulatory requirements of Ireland and the United Kingdom and with the investment objectives and policies of the relevant Fund to ensure that reporting fund status is retained in respect of each of its accounting periods. However, no assurance can be given as to whether UK reporting fund status will be retained in respect of any particular accounting period.

If the Company decides to apply for UK reporting fund status with HMRC in respect of any future Share Class of

the Company an application for UK reporting fund status must be received by HMRC by the later of (i) the end of first period of account for which it is proposed that a Share Class should have reporting fund status, and (ii) the expiry of a period of three months beginning with the first day on which interests in the relevant share class are made available to investors resident in the UK. In this regard it should be noted that UK reporting fund status cannot be obtained retrospectively and would therefore generally only be available from the period in which the Directors made the appropriate applications to HMRC (and future periods). Existing UK resident shareholders in a Share Class which subsequently obtained reporting fund status would then need to consider making specified elections to access certain of the benefits associated with reporting fund status. Such elections have specified time limits in which they must be made, and these time limits are based around the date of change in status of the relevant shares class from non-reporting to reporting.

## **Certain UK anti-avoidance legislation**

The UK tax legislation contains a wide range of anti-avoidance legislation which could, depending on the specific circumstances of an investor, apply to shareholdings in the Company. The comments below are not intended to be an exhaustive list of such anti-avoidance legislation, or a comprehensive summary of any of the provisions referred to. Investors who are concerned about the potential application of these provisions, or any other UK anti-avoidance provisions should seek detailed tax advice based on their own circumstances. However, as a high level guide the attention of prospective investors resident or ordinarily resident in the United Kingdom for taxation purposes is particularly drawn to the following anti-avoidance provisions.

### **► Section 13 of the Taxation of Chargeable Gains Act 1992 (Section 13)**

Section 13 applies to a “participator” in a company for UK taxation purposes (the term participator includes, but is not limited to, a shareholder) if the company is controlled by a sufficiently small number of persons such that, if it were a body corporate resident in the UK for taxation purposes, it would be a “close company”.

If at any time when (i) a gain accrues to the Company which constitutes a chargeable gain for UK purposes (such as on a disposal by the Company of any of its investments) and (ii) the provisions of Section 13 apply; a participator can be treated for the purposes of UK taxation as if a part of any chargeable gain accruing to the Company had accrued to that Shareholder directly. The gain accruing to the Shareholder is equal to the proportion of the gain that corresponds to that Shareholder’s proportionate interest in the Company as a participator. A Shareholder could therefore incur a liability to tax even if the gain accruing to the Company had not been distributed by the Company. No liability under Section 13 will be incurred by such a Shareholder, however, where the proportionate interest of the Shareholder in the Company, together with their associates, means that 25% or less of the chargeable gain is apportioned to them under the Section 13 rules.

### **► Chapter 2 of Part 13 of the United Kingdom Income Tax Act 2007 (transfer of assets abroad)**

The attention of individuals resident in the UK for taxation purposes is drawn to the provisions of Chapter 2 of Part 13 of the United Kingdom Income Tax Act 2007 (transfer of assets abroad). These provisions are aimed at preventing the avoidance of income tax by individuals through the transfer of assets or income to persons (including companies) resident or domiciled outside the UK. These provisions may render them liable to taxation in respect of undistributed amounts which would be treated as UK taxable income and profits of the Company (including, if the Company or any Fund thereof were treated as carrying on a financial trade, profits on the disposition of securities and financial profits) on an annual basis. We would not expect these provisions to apply to income relating to a Share Class which has UK reporting fund status. Where a Share Class does not have UK reporting fund status, the provisions could apply but there are potential exemptions available where the transactions are genuine commercial transactions and avoidance of tax was not the purpose or one of the purposes for which the transactions were effected.

## **Controlled foreign companies**

Corporate Shareholders resident in the UK for taxation purposes should also note that the “controlled foreign companies” legislation contained in Part 9A of TIOPA 2010 could apply to any UK resident company which is, either alone or together with persons connected or associated with it for taxation purposes, deemed to be interested in 25 per cent or more of any chargeable profits of a non-UK resident company, where that non-UK resident company is controlled by residents of the UK and meets certain other criteria (broadly that it is resident in a low tax jurisdiction). “Control” is defined in Chapter 18, Part 9A of TIOPA 2010. The effect of these provisions could be to render such Shareholders liable to UK corporation tax in respect of the income of the Company.



## Transaction in securities

The attention of Shareholders is drawn to anti-avoidance legislation in Chapter 1, Part 13 of the Income Tax Act 2007 and Part 15 of the Corporation Tax Act 2010 that could apply if Shareholders are seeking to obtain tax advantages in prescribed conditions.

## UK stamp duty

The following comments are intended as a guide to the general UK stamp duty position and may not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

Because the Company is not incorporated in the UK and the register of holders of shares will be kept outside the UK, no UK stamp duty will be payable on the issue of the Shares. Legal instruments transferring the Shares should not be subject to UK stamp duty provided that such instruments are executed outside the UK and do not relate to matters done or to be done in the UK.

## Tax Consequences – Jurisdictions

As Shareholders are no doubt aware, the tax consequences of any investment can vary considerably from one jurisdiction to another, and ultimately will depend on the tax regime of the jurisdictions within which a person is tax resident. Therefore the Directors strongly recommend that Shareholders obtain tax advice from an appropriate source in relation to the tax liability arising from the holding of Shares in the Company and any investment returns from those Shares.

## Risk factors

**An investment in a Fund involves certain risks relating to the investment strategies to be utilised by the Investment Manager and any entities in which a Fund may invest. No guarantee or representation is made that the Funds' investment objectives will be achieved.**

**An investment in a Fund is suitable only for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment. If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser.**

**Prospective investors should give careful consideration to the following risk factors in evaluating the merits and suitability of an investment in a Fund. This information is not intended to be an exhaustive listing of all potential risks associated with an investment in a Fund. Specific risk factors relating to a Fund are set out in Part One.**

**Fluctuations in Value:** The value of Shares (and any income from them) may fall as well as rise and investors may not get back, on redemption or otherwise, the amount originally invested. Changes in exchange rates may also cause the value of Shares to go up or down. The value of Shares may be affected by substantial adverse movements in interest rates which may result in the amount realised on the sale of Shares being less than the original amount invested.

**Portfolio Concentration:** It is anticipated that Funds will have a relatively low number of holdings. Although the Directors believe that a portfolio containing a relatively small number of securities will enhance the performance of the Fund the effect of under performance of one or more of the holdings is likely to be more significant for the Fund than in a portfolio containing a larger number of holdings.

**Valuation Risk:** The Funds may be subject to valuation risk due to the manner in which the Funds' target investments are themselves valued. Some of these underlying funds may be valued by fund administrators affiliated to fund managers, or by the fund managers themselves, resulting in valuations which are not verified by an independent third party on a regular or timely basis. Accordingly there is a risk that the valuations of a Fund may not reflect the true value of such underlying fund holdings at a specific Valuation Point, which could result in significant losses for a Fund.

**Leverage Risk:** Where a Fund permits leverage, the underlying volatility of the Fund will be significantly greater than would otherwise have been the case without the permitted leverage. Whilst this gives a Fund the ability to

participate in higher returns associated with greater exposure, it also gives a Fund exposure to increased losses where markets in general, and a Fund in particular, invest in assets where prices suffer declines.

**Currency Risk:** The Company may set up Funds that are denominated in various currencies and may hold assets denominated in currencies other than a Fund's base currency. Potential investors in such Funds should be aware of the risks attaching to unfavourable currency movement between the currency in which such assets may be denominated and the base currency of the Fund.

**Counterparty and Settlement Risk:** The Funds will take a credit risk on parties with whom it trades and will also bear the risk of settlement default.

**Substantial Redemptions:** If there are substantial redemptions of Shares, it may be more difficult for a Fund to generate returns since it will be operating on a smaller asset base. If there are substantial redemption requests within a limited period of time, it may be difficult for an Investment Manager to provide sufficient funds to meet such redemptions without liquidating positions prematurely at an inappropriate time or on unfavourable terms.

**Segregated Liability:** While the provisions of the Companies Act provide for segregated liability between Funds, these provisions have yet to be tested in foreign courts, in particular, in satisfying local creditors' claims.

**Cyber Security Risk:** Security breaches of computer systems used by the Company and its service providers (such as the Management Company, Investment Manager, Administrator, Depositary and sub-custodians) have the potential to cause financial losses and costs for the Company, for example disrupting or preventing trading or interfering with the administration systems used by the Company. While the Company and its service providers have established business continuity plans and other systems and procedures to minimize the impact of attempted security breaches, investors must be aware that the risk of losses to the Company or the Funds cannot be eliminated.

**Market and Liquidity Risk:** Trading counterparties may from time to time refrain from making a market in a particular financial contract or instrument, with the result that those persons already holding such a contract or instrument are unable to liquidate their exposure. Such characteristics can lead to considerable losses being incurred by those exposed to such instruments

**Political Legal and/or Regulatory Risks:** The value of the assets of a Fund may be adversely affected by uncertainties, such as international political and economic developments, changes in market conditions, government policies or in legal, regulatory or taxation requirements

**Over-the-Counter Markets Risk:** Where any Fund acquires securities on over-the-counter markets, there is no guarantee that the Fund will be able to realise the fair value of such securities due to their tendency to have limited liquidity and comparatively high price volatility.

**Credit Risks:** Not all of the securities in which a Fund may invest which are issued by sovereign governments or political subdivisions, agencies or instrumentalities thereof will have the explicit full faith and credit support of the relevant government. Any failure by any such government to provide such support could result in losses to a Fund and adversely affect the Net Asset Value per Share.

**Currency Hedging:** A Fund may engage in currency transactions in order to hedge instruments not denominated in its Base Currency. In this regard, spot transactions and forward contracts are subject to the risk that counterparties will default on their obligations. Since a forward contract is not guaranteed by an exchange or clearinghouse, a default on the contract would deprive a Fund of the hedging benefits of the contract and force a Fund to cover its purchase or sale commitments, if any, at the current market price. The Company, on behalf of a Fund will not enter into such transactions unless the credit quality of the unsecured sector debt or the claims-paying ability of the spot or forward contract counterparty thereto is rated at least A by Standard & Poor's or A2 by Moody's.

**Cash Collateral:** Cash received as collateral may be invested in other eligible securities, including shares of a short term money market fund in accordance with the requirements of the Central Bank. Investing cash collateral in this way subjects that investment, as well as the securities loaned, to market appreciation or depreciation and the risks associated with such investments, such as failure or default of the issuer of the relevant security.



**Currency of Reference:** Depending on the investor's currency of reference, currency fluctuations may adversely affect the value of an investment. The implementation of the Investment Manager's discretionary hedging policy, as described above, may have a positive or negative effect on the Net Asset Value of the individual Share Classes.

**Suspension of Valuation:** The ability to subscribe for, or redeem Shares may be affected by a temporary suspension of the determination of Net Asset Value per Fund which may take place upon the occurrence of certain events as described in Appendix II.

**No Investment Guarantee Equivalent to Deposit Protection:** Investment in a Fund is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account.

**Sub-Custody Risk:** The assets of Funds may be safeguarded by a sub-custodian on the Depositary's behalf. There is a risk that the sub-custodian may not properly segregate the assets of the Funds or prove to be uncreditworthy or be responsible for errors or omissions which may result in considerable losses for a Fund. In certain circumstances a Fund may not be able to recover or may encounter delays in the recovery of some of its assets. Such circumstances may include uncertainty relating to, or the retroactive application of legislation, the imposition of exchange controls or improper registration of title. In addition, for any Fund which is a **fund of funds** the custody of the underlying funds may also be subject to the foregoing risks. See also **Emerging Market Risks** discussed below for custody risks associated with emerging markets.

**Liquidity Risk:** Fixed income securities and fixed income derivatives, instruments involving currencies and related derivative instruments and equities and equity related derivative instruments are not always subject to some kind of governmental regulation or control. Trading counterparties may from time to time refrain from making a market in a particular contract or instrument, with the result that those persons already holding such a contract or instrument are unable to liquidate their exposure. Such characteristics can lead to considerable losses being incurred by those exposed to such instruments.

If a Fund was forced to liquidate all of its assets at short-notice, it is likely that certain assets would not be capable of liquidation immediately and the Company may at its discretion and subject to the consent of the relevant Shareholders distribute such assets to Shareholders pro-rata to their holding of Shares.

Underlying funds may hold back a percentage of redemption proceeds until audited accounts for the relevant financial year have been completed. This may result in a delay in Shareholders receiving the entirety of their redemption proceeds until such time as the accounts of the underlying funds for the relevant financial year have been completed.

Funds which are funds of funds may be subject to risks associated with underlying funds which are not UCITS utilising side pockets to hold any illiquid investments. The use of side pockets by the underlying funds may restrict the ability of a Fund or its Shareholders to fully redeem out of the underlying fund until such investments have been removed from the side pocket. Accordingly, Funds may be exposed to the performance of the underlying fund's investment for an indefinite period of time until such investment is liquidated.

**FDI Risk:** In the normal course of business of a Fund, the Investment Manager may trade various financial instruments and enter into various investment activities including forward and future contracts, options, swaps, other derivative instruments, margin and leverage with different risk profiles. Certain risks which may be associated with the use of derivative instruments are as follows:

- ▶ **Market Risk:** This is a general risk that the value of a particular derivative may change in a way which may be detrimental to a Fund's interests and the use of derivative techniques may not always be an effective means of, and sometimes could be counter-productive to, a Fund's investment objective
- ▶ **Control and Monitoring:** Derivative instruments are highly specialised and require specific techniques and risk analysis. In particular, the use and complexity of derivative instruments require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative instrument may add to a Fund and the ability to forecast the relative price, interest rate or currency rate movements correctly

- ▶ **Liquidity Risk:** Liquidity risk exists when a particular instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated derivatives), it may not be possible to initiate a transaction to liquidate a position at an advantageous price, to assess or value a position or to assess the exposure to risk. An adverse price movement in a derivative position may also require a cash payment to counterparties that might in turn require, if there is insufficient cash available in a Fund, the sale of investments under disadvantageous conditions
- ▶ **Counterparty Risk:** A Fund may enter into derivative transactions in over-the-counter markets, which will expose the Fund to the credit of its counterparties and their ability to satisfy the terms of such contracts. A Fund may be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of the bankruptcy or insolvency of a counterparty, a Fund could experience delays in liquidating the position as well as significant losses, including declines in value during the period in which the Fund seeks to enforce its rights, the inability to realise any gains during such period and fees and expenses incurred in enforcing its rights. The fact that the derivatives may be entered into over-the-counter, rather than on a regulated market may increase the potential for loss by a Fund
- ▶ **Settlement Risk:** Settlement risk exists when a transaction is not completed as duly agreed between the parties. This may be due to an error or omission in the necessary settlement, clearing or registration processes or due to the lack of creditworthiness of one of the parties to the transaction
- ▶ **Legal Risk:** There is a possibility that the agreements governing the derivative techniques may be terminated due, for instance, to supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. There is also a risk if such agreements are not legally enforceable or if the derivative transactions are not documented correctly
- ▶ **Other Risks:** Other risks in using derivative instruments include the risk of differing valuations of derivative instruments arising out of different permitted valuation methods and the inability of derivative instruments to correlate perfectly with underlying securities, rates and indices. Many derivative instruments, in particular over-the-counter derivative instruments, are complex and often valued subjectively and the valuation can only be provided by a limited number of market professionals which often are acting as counterparties to the transaction to be valued. Inaccurate valuations can result in an increased cash payment to counterparties or a loss of value to a Fund. Derivative instruments do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track

**Emerging Markets Risks:** A Fund that invests in the securities of companies located in developing countries may face a number of additional risks, including:

- ▶ **Investment and Repatriation Restrictions:** A number of emerging markets restrict, to varying degrees, foreign investment in securities. Restrictions may include maximum amounts foreigners can hold of certain securities, and registration requirements for investment and repatriation of capital and income. New or additional restrictions may be imposed subsequent to a Fund's investment in a given market
- ▶ **Currency Fluctuations:** Currency fluctuations can be severe in developing countries that have both floating or **fixed** exchange rate regimes. The latter can undergo sharp one-time devaluations
- ▶ **Potential Market Volatility;** Many emerging markets are relatively small, have low trading volumes, suffer periods of illiquidity, as described above, and are characterized by significant price volatility. Regulation and oversight of trading activity may not be up to the standards of developed countries
- ▶ **Political Risks:** Political instability and government interference in the private sector. This varies country by country, and may evolve to the detriment of Fund holdings. In particular, some developing countries have no legal tradition of protecting shareholder rights
- ▶ **Financial Disclosure and Accounting Standards:** Potential investments may be difficult to evaluate given lack of information as well as the use in developing countries of accounting, auditing and financial reporting standards that differ from country to country and from those of developed countries
- ▶ **Settlement:** The trading and settlement practices of some of the stock exchanges or markets on which a Fund may invest may not be the same as those in more developed markets, which may increase settlement risk and/or result in delays in realising investments made by the Fund

- ▶ **Custodial Risk:** Local custody services remain underdeveloped in many emerging market countries (such as Brazil, China, India and Russia) and there is a transaction and custody risk involved in dealing in such markets. In certain circumstances a Fund may not be able to recover or may encounter delays in the recovery of some of its assets. Such circumstances may include uncertainty relating to, or the retroactive application of, legislation, the imposition of exchange controls or improper registration of title. In some emerging market countries evidence of title to shares is maintained in **book-entry** form by an independent registrar who may not be subject to effective government supervision, which increases the risk of the registration of the Fund's holdings of shares in such markets being lost through fraud, negligence or mere oversight on the part of such independent registrars. The costs borne by the Fund in investing and holding investments in such markets will generally be higher than in organised securities markets
- ▶ **Fluctuating Share Values:** Equity shares of emerging markets companies will fluctuate in value due to market, economic, political and other factors. Such fluctuations may be substantial, and may be greater than would occur in similar market conditions for the equity shares of companies domiciled in OECD countries
- ▶ **Taxation:** Taxation of dividends and capital gains varies among countries and, in some cases, is comparatively high. In addition, developing countries typically have less-well-defined tax laws and procedures and such laws may permit retroactive taxation, so that the Fund could in the future become subject to local tax liability that had not been reasonably anticipated when an investment was made.

**HSBC Group Disclosure:** Cash held by a Fund may be retained and deposited with any bank that is a part, subsidiary, or an affiliate of the HSBC Group. Funds that are entitled to borrow may borrow from HSBC or elsewhere provided a Fund is not in breach of its borrowing limitations or restrictions.

By virtue of its main business being commercial and private banking, HSBC may from time to time have a direct or indirect material (or non-material) interest in, or related to, any of the investment activities of a Fund, but shall not be liable in any way for, nor obligated to account for, any of these interests to Shareholders.

**Legal Requirements:** Persons interested in purchasing Shares should inform themselves as to: (i) the legal requirements within their own countries for the purchase of Shares; (ii) any foreign exchange restrictions which may be applicable, and (iii) the income and other tax consequences of purchase, conversion and redemption of Shares.

Additional risk factors (if any) in respect of a Fund are set out in Part One.

# Part three

## 3. Management and administration

### 3.1. Directors and Company Secretary

The Directors of the Company are:

**Michelle Hilliman** (British), MBA, CFA is Head of Responsible Investment and Strategy Execution, HSBC Alternatives. Ms. Hilliman returned to HSBC Asset Management in 2020 and was most recently the Interim Head of Responsible Investment. Prior to returning to HSBC, Ms. Hilliman was involved in several early-stage financial inclusion projects, including a non-profit creating digital solutions for frontier markets. During her previous seven years with HSBC Global Asset Management in Hong Kong, she held a number of roles including Head of Strategy, Asia Pacific and Head of Multimanager, Asia Pacific & Emerging Markets, where she was responsible for management of the Asia Pacific and Global Emerging Markets team and products. Ms. Hilliman also worked for UBS Global Asset Management, Northern Trust Global Advisors, the multi-manager arm of Northern Trust, and as a financial advisor for TD Canada Trust. She holds a Master in Business Administration from Columbia University, London Business School and University of Hong Kong, and a Bachelor of Science (Honours) in Biochemistry from Queen's University. She is a CFA charter holder and has the CFA Certificate in ESG Investing and the CFA Certificate in Climate and Investing and completed the Imperial Sustainability Leadership Programme in March 2023.

**Tim Madigan** (Irish) (Independent) is the independent non-executive chairperson for Waystone's fund management companies in Ireland (UCITS ManCo and AIFM), Luxembourg (UCITS ManCo and AIFM) and the UK (ACD). He has served as an independent non-executive director for a number of investment funds, both Irish-domiciled (UCITS and AIFs) and Luxembourg-domiciled (AIFs), as well as for an Irish cross-border life insurance company (where he also acts as chair of the Audit Committee). He was previously an independent non-executive director of a UK life insurance company (where he also acted as chair of the Risk & Compliance Committee).

From 2010 to 2011 Mr Madigan was finance director of Aviva Investment Management Europe, where he led the set-up of the finance function for Aviva Europe's Dublin based centre of excellence, established to manage treasury assets and investment management mandates. Prior to this, Mr Madigan was managing director of cross-border life insurance company Aviva Life International from 2006 to 2010 (previously he was finance director for that company). In this role he chaired the Investment Committee as well as leading a strategic review of business in 2009 following the onset of the global financial crisis.

He holds a bachelor's degree in Business Studies (Finance) from the University of Limerick, is a Fellow of the Association of Chartered Certified Accountants and is a Certified Investment Fund Director. He served as an elected Council member of the Irish Fund Directors Association from 2016 to 2020.

**Fiona Mulhall** (Irish) (Independent) has over 25 years of senior regulatory and management experience within the funds industry, gained whilst Head of the Investments Funds & Debt Securities division with Investec Capital & Investments (Ireland) Ltd. (previously NCB Stockbrokers), a position she held from 2002 until 2014. Since 2014, Ms. Mulhall has acted as an external consultant to service providers within the funds industry and has been acting as an independent non-executive director.

Ms. Mulhall is a Fellow of the Institute of Chartered Accountants in Ireland, a certified investment fund director and a member of the Association of Compliance Officers. Ms. Mulhall holds an economics degree from University College Dublin and a professional diploma in accounting from Dublin City University. Ms. Mulhall is a member of the Irish Funds Association and was part of the 2021/23 INED Governance Working Group.

**Stephen Rouxel** (British) has been Head of Business at HSBC Management (Guernsey) Limited (HMG) in Guernsey since 2016. Stephen is responsible for the operations and strategic direction of HMG. Stephen joined HSBC in 2015 and has been working in the industry since 2004. Previously, Stephen was AVP Operations at State Street in Guernsey and was responsible for oversight of its outsourced operations. Stephen holds a Diploma in Governance Risk and Compliance and Anti Money Laundering from the International Compliance Association

in the UK. Stephen is a Professional Member of the International Compliance Association. Stephen is the Vice Chair of the Guernsey Investment Fund Association and sits on the Guernsey Chamber of Commerce Council as the Finance Sector Lead.

As the day to day management and running of the Company has been delegated to the Management Company, the Investment Manager, the Depositary and the Administrator, all of the Directors of the Company are non-executive.

For the purposes of this Prospectus, the address of the Directors is the registered office of the Company.

The Company Secretary is Goodbody Secretarial Limited.

## **Remuneration Policy**

The Management Company has established a remuneration policy for those categories of staff, including senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profiles of the Management Company or the Company.

The main features of the remuneration policy are as follows:

- It is compliant with and promotes a sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles of the Company or the Articles and which does not interfere with the obligation of the Management Company to act in the best interests of the Company. It takes into account the business strategy, objectives, values and interests of the Management Company, the Company and its shareholders, and includes measures to avoid conflicts of interest.
- It ensures that fixed and variable components of the total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.
- It provides for remuneration decisions to be based on a combination of business results and performance against objectives and is consistent with a medium to long-term strategy, shareholders' interests and adherence to HSBC values. A portion of the variable component of the total remuneration may be paid using deferred shares depending on the total level of remuneration. The deferral period for these shares is currently three years with 50% of the deferred shares being vested after two years and the remaining 50% vesting at the end of the three year deferral period. The deferred shares are awarded subject to a 'clawback' clause and all or part can be recovered under certain circumstances, including where the bonus is found to be based on the use of fraudulent data.

The up-to-date remuneration policy of the Management Company, including, but not limited to, a description of how remuneration and benefits are determined, the governance arrangements for determining remuneration and benefits are available on the website <http://www.global.assetmanagement.hsbc.com/luxembourg>. A paper copy is available free of charge upon request at the Management Company's registered office.

## **3.2. Management Company and Global Distributor**

The Directors are responsible for the overall investment policy, objectives and management of the Company and the Funds.

The Directors have appointed HSBC Investment Funds (Luxembourg) S.A. as management company under the Management Agreement to be responsible on a day-to-day basis under the supervision of the Directors, for providing administration, marketing, global distribution, investment management and advice services in respect of all Funds. The Management Agreement covers the appointment of the Management Company, the standard of care to be applied by the Management Company and the control and supervision of the Management Company. The Management Company has delegated the administration functions, registrar and transfer agency functions to the Administrator.

Under the Management Agreement, the Management Company has been appointed as global distributor with

responsibility for distribution of shares in the Company and is authorised to appoint affiliate companies of the HSBC Group as Distributors, which may, subject to their terms of appointment, appoint sub-distributors.

The Management Company was incorporated on 26 September 1988 as a société anonyme under the laws of the Grand Duchy of Luxembourg and is registered with the register of commerce and companies under the number B28 888. Its articles of incorporation are deposited with the register of commerce and companies. The Management Company is authorised by the CSSF as a management company subject to Chapter 15 of the Luxembourg Law of 17 December 2010 on undertakings for collective investment, implementing UCITS IV Directive 2009/65/EC into the Luxembourg law (the **2010 Law**). The share capital of the Management Company is GBP 1,675,000.00 and will be increased to comply at all times with article 102 of the 2010 Law.

The secretary of the Management Company is HSBC Bank plc, Luxembourg Branch and the directors are Timothy Caverly, Natasha Cork, Cecilia Lazzari, Richard Long, Edmund Stokes and Susanne Van Doottingh. Further details on the directors of the Management Company are set out below.

**Timothy Caverly (American)** is a non –executive independent director based in Luxembourg. He currently serves as a board member for Luxembourg investment management and fund entities including INVESCO and HSBC. Mr. Caverly retired from State Street Corporation as an Executive Vice President in November 2013. During his thirty-year career at State Street Corporation. He held several senior management positions both in Europe and in the United States. At State Street, he led the Global Services business in Continental Europe as well as EMEA Offshore (Luxembourg, Ireland, Channel Islands). He also was responsible for State Street's Global Services business development and relationship management activities across Europe, the Middle East and Africa. He served as Chairman of the Boards of Directors of State Street Bank Luxembourg and State Street Banque France. In addition, he was a member of the Board of Directors of State Street Ireland, State Street Poland and State Street Channel Islands. While in Luxembourg Mr. Caverly has served on the Executive Committee, as member of the Board of Directors of the Luxembourg Banker's Association (ABBL) and as President of the American Banker's Club. Mr. Caverly also chaired State Street's company wide United Way Charity Campaign. He is a graduate of Colgate University (Bachelors of Arts) and Thunderbird School of Global Management (Masters in International Management).

**Natasha Cork (British)** is Chief Risk and Compliance Officer for HSBC Asset Management, located in London. Natasha has over 25 years of experience in financial services and joined HSBC Asset Management in 2001 where she has held various roles in the Compliance team. In May 2023 Natasha was appointed the Chief Risk and Compliance Officer for Asset Management with responsibility for Risk and Compliance globally. Natasha is a Director of HSBC Investment Funds (Luxembourg) and holds a BA Hons in Philosophy from Bristol University.

**Cecilia Lazzari (Italian)** is a Conducting Officer and Chief Risk Officer for HSBC's management company in Luxembourg (HIFL) since February 2014. Cecilia has 16 year of experience of working within financial services in both Luxembourg and Argentina. Prior to joining HIFL, Cecilia was a Conducting Officer and held senior Risk Management roles for MDO Management Company SA, an independent management company offering services to asset management clients. Cecilia is a Certified International Investment Analyst (CIIA) and Certified European Financial Analyst (CEFA).

**Richard Long (British)** is Conducting Officer and Head of Global Funds Operations for HSBC Investment Funds (Luxembourg) S.A. Richard was educated at Kingswood School in Bath, UK, and Cambridge Tutors in Croydon, UK. Richard joined HSBC in 1986. Richard moved into Asset Management in 1991 to look after unit trust administration and worked in Luxembourg between 1999 and 2002 as senior product manager for the Luxembourg funds. Richard returned to London to look after the global funds operations for the HSBC funds domiciled in Dublin and Luxembourg, before relocating to Luxembourg in October 2011 to head-up the Management Company. In September 2018, Richard took-on additional responsibility for the day to day fund operations for the UK OEIC ranges and the Dublin domiciled fund ranges promoted by HSBC Global Asset Management. Richard is a Director of HSBC Investment Funds (Luxembourg) S.A. and is a member of the HSBC Luxembourg Country Executive Committee.

**Edmund Stokes (British)** is Global Chief Operating Officer and is based in the UK. Prior to taking on his current role, Edmund was Global Head of Product and prior to that COO of HSBC Asset Management Asia Pacific. Edmund has extensive experience in asset management and capital markets having joined HSBC in 1993, initially in Global Banking & Markets. He has undertaken a variety of Client Management, Business Development, Structuring and Management roles in the UK, Hong Kong and Germany. Having studied Business at Sheffield

Polytechnic and Japanese at Durham University, Edmund qualified as an Associate of both the Chartered Institute of Bankers and the Association of Corporate Treasurers.

**Susanne Van Dootinh (Dutch)** is an independent director and member of the Board since November 2017. Ms van Dootinh was at State Street Global Advisors from 2002 to 2017 with her final position being as Senior Managing Director, Head of European Governance and Regulatory Strategy, EMEA. In addition, she was the Chair of the SSGA SICAV and Management Company and has been a member of various ESMA consultative working groups since 2013. Prior to this she held positions within State Street Global Investors as the Global Head of Institutional Product Development and Research, Head of European Product Development and Management, EMEA, Head of Fixed Income Product Engineering, EMEA and Senior Fixed Income Strategist and Product Engineer. Before 2002, Ms van Dootinh worked at Fortis Investment Management as Senior Product Manager, European Fixed Income, at Barclays Global Investors as Product Manager, Fixed Income, and at ABN AMRO Asset Management as Portfolio Manager Global Fixed Income. She graduated from Vrije Universiteit Amsterdam with a Master's in Business Administration. Ms van Dootinh is currently a Director of several SICAV boards in Luxembourg.

The Management Company is a member of the HSBC Group, which serves customers worldwide in over 70 countries and territories in Asia, Europe, North and Latin America, and the Middle East and North Africa.

The Management Company shall ensure compliance of the Company with the investment instructions and oversee the implementation of the Company's strategies and investment policies. The Management Company shall send reports to the Directors on a quarterly basis regarding any non-compliance of the Company with the investment restrictions.

The Management Company will receive periodic reports from the Investment Manager detailing the Funds' performance and analysing their investment. The Management Company will receive similar reports from the other services providers in relation to the services which they provide.

The Investment Manager, in accordance with the investment objectives, policies and investment and borrowing restrictions of the Company makes and implements asset management and portfolio selection recommendations in connection with the investment and reinvestment of the assets of the relevant Funds of the Company.

### 3.3. Administrator

HSBC Securities Services (Ireland) DAC has been appointed by the Management Company as the administrator registrar and transfer agent under the Administration Agreement, further details of which are contained under the heading **Material Contracts** below.

The Administrator was incorporated as a private limited company incorporated under the laws of Ireland on 29 November 1991 and is engaged in the business of providing administration and accounting services to collective investment schemes. The Administrator is an indirect wholly owned subsidiary of HSBC Holdings plc, a public limited company incorporated in the UK.

Under the terms of the Administration Agreement, the Administrator is responsible for providing registrar and transfer agent services, performing the day-to-day administration of the Company, for providing fund accounting for the Company, including the calculation of the Net Asset Value of the Company and the Shares.

The Administrator maintains an Umbrella Cash Account for the Company. Subscription, redemption and dividend monies will be held in a single Umbrella Cash Account for each currency in which a Class of Shares is denominated. The assets in the Umbrella Cash Accounts will be assets of the Company. Subscription monies received by a Fund in advance of the issue of Shares will be held in an Umbrella Cash Account and will be treated as an asset of the relevant Fund. The subscribing investors will be unsecured creditors of the relevant Fund with respect to their subscription monies until the Shares are issued to them on the relevant Dealing Day. The subscribing investors will be exposed to the credit risk of the institution at which the relevant Umbrella Cash Account has been opened. Such investors will not benefit from any appreciation in the Net Asset Value of the Fund or any other Shareholder rights in respect of the subscription monies (including dividend entitlements) until such time as the Shares are issued on the relevant Dealing Day. Redeeming investors will cease to be Shareholders of the redeemed Shares from the relevant Dealing Day. Redemption and dividend payments will, pending payment to the relevant investors, be held in an Umbrella Cash Account. Redeeming investors and investors entitled to dividend payments held in an Umbrella Cash Account will be unsecured creditors of the relevant Fund with respect to those monies. Where the redemption and dividend payments cannot be transferred



to the relevant investors, for example, where the investors have failed to supply such information as is required to allow the Company to comply with its obligations under applicable anti-money laundering and counter terrorist financing legislation, the redemption and dividend payments will be retained in an Umbrella Cash Account and investors should address the outstanding issues promptly. Redeeming investors will not benefit from any appreciation in the Net Asset Value of the Fund or any other Shareholder rights (including, without limitation, the entitlement to future dividends) in respect of such amounts. For information on the risks associated with Umbrella Cash Accounts, see "Risks Associated with Umbrella Cash Accounts" in the section "Risk Factors" in this Prospectus.

The Administrator is entitled to be indemnified by the Company against all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (other than those resulting from the fraud, negligence or wilful misconduct on the part of the Administrator) which may be imposed on, incurred by or asserted against the Administrator as a result of or in connection with performing its obligations or duties.

The Administrator shall be entitled, without verification, further enquiry or liability on the Administrator's part, to rely on pricing information in relation to specified investments held by the Company which is provided by price sources set out in the Company's pricing policy (if any) and this prospectus or, in the absence of any such price sources, any price sources on which the Administrator may choose to rely (provided that, in such a case, the Administrator exercises reasonable care in its choice of sources upon which to rely). Without prejudice to the generality of the foregoing, the Administrator shall not be responsible or liable to any person for the valuation or pricing of any assets or liabilities of the Company (save as provided in the services set out in the Administration Agreement) or for any inaccuracy, error or delay in pricing or valuation information provided by pricing agents, pricing sources or pricing models provided by any person to the Administrator.

The Administrator will use reasonable endeavours to independently verify the price of any such assets or liabilities of the Fund using its network of automated pricing services, brokers, market makers, intermediaries or using other pricing sources or pricing models provided by any person.

In the absence of readily available independent pricing sources, the Administrator may rely solely upon any valuation or pricing information (including, without limitation, fair value pricing information) about any such assets or liabilities of the Company (including, without limitation, private equity investments) which is processed by it or provided to it by: (i) the Company, the Management Company or the Investment Manager; and/or (ii) third parties including, but not limited to, any valuer, third party valuation agent, intermediary or other third party, including but not limited to those appointed or authorised by the Company, the Management Company or the Investment Manager to provide pricing or valuation information in respect of the Company's assets or liabilities to the Administrator.

The Administrator in no way acts as guarantor or offeror of the Company's Shares or any underlying investment. The Administrator is a service provider to the Company and has no responsibility or authority to make investment decisions, or render investment advice, with respect to the assets of the Company. The Administrator is not responsible for, and accepts no responsibility or liability for any losses suffered by the Company or any investors in the Company as a result of any failure by the Company or the Investment Manager to adhere to the investment objective, policy, investment restrictions, borrowing restrictions or operating guidelines.

The Administrator shall not be liable or otherwise responsible for any loss suffered by any person by reason of: (i) any act or omission of any person prior to the commencement date of the Administration Agreement; (ii) any defect, error, inaccuracy, breakdown or delay in any product or service provided to the Administrator by any third party service provider; (iii) any inaccuracy, error or delay in information provided to the Administrator by or on behalf of the Company or Investment Manager (including any broker, market maker or intermediary). The Administrator shall not otherwise be liable for any loss to the Company or any other person unless direct loss is sustained as a result of its fraud, negligence or wilful misconduct.

Under the terms of the Administration Agreement, the Administrator is able to delegate certain of its functions and duties to the Administrator's affiliates.

The appointment of the Administrator may be terminated without cause by not less than 90 days' notice in writing.

The Administrator is a service provider to the Management Company on behalf of the Company and is not responsible for the preparation of this document or for the activities of the Company and therefore accepts no responsibility for any information contained in this document.



### 3.4. Depositary

The Depositary is the Dublin branch of HSBC Continental Europe, a société anonyme incorporated in France under French law and having its registered office at 38 avenue Kléber, 75116 Paris. HSBC Continental Europe is a subsidiary of HSBC Holdings plc, a public limited company incorporated in England and Wales.

The Depositary provides services to the Company as set out in the Depositary Agreement and, in doing so, shall comply with the EU UCITS Regulations.

The Depositary's duties include the following:-

- (i) safekeeping the Company's assets in accordance with the EU UCITS Regulations, which includes (i) holding in custody all financial instruments that may be held in custody; and (ii) verifying the ownership of other assets and maintaining records accordingly;
- (ii) ensuring that the Company's cash flows are properly monitored in accordance with the EU UCITS Regulations and that all payments made by or on behalf of applicants in respect of the subscriptions for Shares have been received;
- (iii) carrying out its oversight functions and ensuring that issues, redemptions and cancellations and the valuation of the Shares are calculated in accordance with the EU UCITS Regulations;
- (iv) carrying out the instructions of the Company unless they conflict with the EU UCITS Regulations;
- (v) ensuring that in transactions involving the Company's assets any consideration is remitted to the Company within the usual time limits; and
- (vi) ensuring that the Company's income is applied in accordance with the EU UCITS Regulations.

The Depositary may delegate certain of its safekeeping functions to one or more delegates in accordance with, and subject to the EU UCITS Regulations and on the terms set out in the Depositary Agreement. The performance of the safekeeping function of the Depositary in respect of certain of the Company's assets has been delegated to the delegates listed in Appendix V. An up to date list of any such delegate(s) is available from the Company on request. The use of particular sub-delegates will depend on the markets in which the Company invests. The Depositary will have certain tax information-gathering, reporting and withholding obligations relating to payments arising in respect of assets held by the Depositary or a delegate on its behalf.

The Depositary must exercise due skill, care and diligence in the discharge of its duties, including in the selection, continued appointment and ongoing monitoring of delegates and sub-delegates. Subject to the paragraph below, and pursuant to the Depositary Agreement, the Depositary will be liable to the Company and its Shareholders for the loss of a financial instrument of the Company which is entrusted to the Depositary for safekeeping. The Depositary shall also be liable for all other losses suffered by the Company as a result of its negligent or intentional failure to properly fulfil its obligations under the EU UCITS Regulations.

The liability of the Depositary will not be affected by the fact that it has delegated safekeeping to a third party.

The Depositary shall not be liable for the loss of a financial instrument held in custody by the Depositary where the loss of the financial instrument arises as a result of an external event beyond the reasonable control of the Depositary, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Depositary shall not be liable for any indirect, special or consequential loss.

The Company shall indemnify the Depositary, its delegates and their respective officers, agents and employees ("Indemnified Persons") on an after-tax basis in respect of certain liabilities (referred to in the Depositary Agreement). The appointment of the Depositary under the Depositary Agreement may be terminated without cause by not less than ninety days written notice provided that the Depositary Agreement does not terminate until a replacement depositary has been appointed.

From time to time actual or potential conflicts of interest may arise between the Depositary and its delegates, for example, and without prejudice to the generality of the foregoing, where an appointed delegate is an affiliated group company and is providing a product or service to the Company and has a financial or business interest in such product or service, or receives remuneration for other related products or services it provides to the Company. The Depositary maintains a conflict of interest policy to address this. Potential conflicts of interest may arise from time to time from the provision by the Depositary and/or its affiliates of other services to the Company and/or other parties. For example, the Depositary and/or its affiliates may act as the depositary, trustee and/or

administrator of other funds. It is therefore possible that the Depositary (or any of its affiliates) may in the course of its business have conflicts or potential conflicts of interest with those of the Company and/or other funds for which the Depositary (or any of its affiliates) act. Potential conflicts of interest may also arise between the Depositary and its delegates, for example where an appointed delegate is an affiliated group company which receives remuneration for another custodial service it provides to the Company. In the event of any potential conflict of interest which may arise during the normal course of business, the Depositary will have regard to the applicable laws.

Where a conflict or potential conflict of interest arises, the Depositary will have regard to its obligations to the Company and will treat the Company and the other funds for which it acts fairly and such that, so far as is practicable, any transactions are effected on terms which are not materially less favourable to the Company than if the conflict or potential conflict had not existed. Up to date information regarding the name and duties of the Depositary, any conflicts of interest that may arise and delegations of the Depositary's safekeeping functions will be made available to Shareholders on request.

The Depositary in no way acts as guarantor or offeror of the Company's Shares or any underlying investment. The Depositary is a service provider to the Company and has no responsibility or authority to make investment decisions, or render investment advice, with respect to assets of the Company. Save as required by the EU UCITS Regulations, the Depositary is not responsible for, and accepts no responsibility or liability for, any losses suffered by the Company or any investors in the Company, as a result of any failure by the Company or the Investment Manager to adhere to the Company's investment objectives, policy, investment restrictions, borrowing restrictions or operating guidelines.

The Depositary is a service provider to the Company and is not responsible for the preparation of this Prospectus or for the activities of the Company and therefore accepts no responsibility for any information contained, or incorporated by reference, in this Prospectus.

HSBC Continental Europe is supervised by the European Central Bank (ECB), as part of the Single Supervisory Mechanism, the French Prudential Supervisory and Resolution Authority (l'Autorité de Contrôle Prudentiel et de Résolution) (ACPR) as the French National Competent Authority and the French Financial Markets Authority (l'Autorité des Marchés Financiers) (AMF) for the activities carried out over financial instruments or in financial markets. Further, the Dublin branch of HSBC Continental Europe is also subject to the local supervision of the Central Bank. HSBC Continental Europe is lawfully established in Ireland as a branch and is duly registered with the Companies Registration Office with number 908966.

### 3.5. **Investment Manager**

The Management Company has delegated the powers of determining investment policy and investment management of the Company and its various Funds to HSBC Alternative Investments Limited pursuant to the Investment Management Agreement, further details of which are contained under the heading **Material Contracts** below. The Investment Manager was incorporated under the laws of England and Wales on 13 August 1993 and is authorized by the Financial Conduct Authority in the United Kingdom. It is ultimately a wholly owned subsidiary of HSBC Holdings plc.

The Investment Manager may delegate some or all of its investment management functions in relation to a Fund.

### 3.6. **Paying agents**

The Management Company, on behalf of the Company, may appoint paying agents and/or information agents in one or more jurisdictions in connection with the sale and promotion of the Shares of the Company in such jurisdictions and may also enter into any necessary agreements in order to give effect to such arrangements.

### 3.7. **Auditors**

KPMG Ireland have been appointed auditors to the Company. This appointment is subject to approval at each annual general meeting.

### 3.8. **Portfolio transactions and share dealing**

Subject to the provisions of this section the Directors, the Management Company, the Investment Manager, any Distributor, the Administrator, the Depositary, any Shareholder and any of their respective subsidiaries, affiliates, associates, agents or delegates (each a **Connected Person**) may contract or enter into any financial, banking or

other transaction with one another or with the Company. This includes, without limitation (i) investment by the Company in securities of any Connected Person or (ii) investment by any Connected Persons in any company or bodies, the investments of which form part of the assets comprised in any Fund. Furthermore, Connected Persons can be interested in any such contract or transactions. In addition, any Connected Person may invest in and deal in Shares relating to any Fund or any property of the kind included in the property of any Fund for their respective individual accounts or for the account of someone else.

Any cash of the Company may be deposited, subject to the provisions of the Irish Central Bank Acts, 1942 to 2013, of Ireland, with any Connected Person or invested in certificates of deposit or banking instruments issued by any Connected Person. Banking and similar transactions may also be undertaken with or through a Connected Person.

Any Connected Person may also deal as agent or principal in the sale or purchase of securities and other investments to or from the relevant Fund. There will be no obligation on the part of any Connected Person to account to the relevant Fund or to Shareholders of that Fund for any benefits so arising, and any such benefits may be retained by the relevant party, provided that such transactions are carried out as if effected on normal commercial terms negotiated at arm's length and:

- a. a certified valuation of such transaction by a person approved by the Depositary (or in the case of any such transaction entered into by the Depositary, the Management Company) as independent and competent has been obtained; or
- b. such transaction has been executed on best terms reasonably obtainable on an organised investment exchange under its rules; or
- c. where (a) and (b) are not reasonably practical, such transaction has been executed on terms which the Depositary is (or in the case of any such transaction entered into by the Depositary, the Management Company is) satisfied conform with the principle that such transactions be carried out as if effected on normal commercial terms, negotiated at arm's length and are consistent with the best interests of the Shareholders of that Fund.

A Connected Person may also, in the course of their business, have potential conflicts of interest with the Company in circumstances other than those referred to above. The Investment Manager will, however, have regard in such event to its obligations under the Investment Management Agreement, and, in particular, to their obligations to act in the best interests of the Company so far as practicable, having regard to their obligations to other clients when undertaking any investments where conflicts of interest may arise and will ensure that such conflicts are resolved fairly as between the Company, the relevant Funds and other clients. The Investment Manager will ensure that investment opportunities are allocated on a fair and equitable basis between the Company and its other clients.

Conflicts of interest may arise for the Depositary or its delegates where the Depositary or its delegates:

- (i) are likely to make a financial gain, or avoid a financial loss, at the expense of the Company or its investors;
- (ii) have an interest in the outcome of a service or an activity provided to the Company or of a transaction carried out on behalf of the Company which is distinct from the Company's interest;
- (iii) have a financial or other incentive to favour the interest of another client or group of clients over the interests of the Company;
- (iv) carry on the same activities for the Company and for other clients that adversely affect the Company; or
- (v) are in receipt of inducement in the form of monies, good or services other than the standard commission or fee for that service.

### **3.9. Charges and expenses**

#### **Management Company and other fees**

The maximum annual fee which the Management Company shall charge the Company shall be 5% per annum of the Net Asset Value of each Share Class comprised within a Fund. This fee will be calculated daily and payable monthly in arrears. From this the Management Company shall discharge all fees of the Management Company, Administrator, the Depositary, the Investment Manager and the Company Secretary. Any excess monies remaining from the fees set out above may be retained by the Management Company in consideration for the duties it will perform under the Management Agreement. Any increase in the annual fees set out above will be notified to Shareholders in advance of implementation. Sub-custodian fees, which shall be at normal commercial rates, will be paid out of the assets of the relevant Fund.

Where a Fund invests more than 20% of its net assets in other UCITS or open-ended collective investment undertaking or both, the maximum level of the management fees that may be charged in respect of the relevant Fund and the underlying CIS will not exceed 5% per annum of the Net Asset Value of the Fund. Details of such fees will also be contained in the Company's annual report.

Where a Fund invests in collective investment schemes with which the Company is linked by common management or control or by a substantial direct or indirect holding equal to 10% or more (**Linked Investment**), no subscription, redemption or exchange fees may be charged as a result of such Linked Investment. Any investment management fee charged in relation to such investment will not exceed 5% per annum of the Net Asset Value of the Fund. Details of such fees will also be contained in the Company's annual report.

#### **Directors' Fees**

Under the Articles of Association the Directors are entitled to remuneration for their services as Directors. The total Directors' fees payable to the Directors in any one year will not exceed €100,000 or such higher amount agreed by the Directors from time to time and notified in advance to the Shareholders. The Directors will be entitled to be reimbursed for their reasonable out of pocket expenses incurred in discharging their duties as Directors.

#### **General expenses**

In addition to the above, the following expenses shall be borne by the Company:

- ▶ interest on borrowings and bank charges incurred in negotiating, effecting or varying the terms of such borrowings;
- ▶ taxation, commissions, brokerage fees and transaction costs incurred with respect to the Company's investments;
- ▶ legal, regulatory and auditing fees;
- ▶ all expenses, including any reasonable out-of-pocket expenses, of the Administrator, the Management Company, the Depositary and the Investment Manager, and the Global Distributor;
- ▶ service fees for administration and management support services;
- ▶ the fees and expenses of any other distributor or any paying or representative agent appointed by the Management Company;
- ▶ the cost of publishing the price of Shares;
- ▶ the cost of preparing, printing, publishing and distributing public notices and other communications to the Shareholders;
- ▶ establishment costs (discussed below);
- ▶ insurance, postage, telephone and telex;
- ▶ filing fees; and
- ▶ expenses incurred by the Company Secretary.

# APPENDIX I

## INVESTMENT RESTRICTIONS

---

The investment restrictions applying to the Fund under the EU UCITS Regulations are set out below. These are, however, subject to the qualifications and exemptions contained in the EU UCITS Regulations and in the guidelines issued by the Central Bank. Any additional investment restrictions for other any new funds of the Company will be formulated by the Directors at the time of the creation of such fund, details of which will be contained in the relevant supplement.

The Directors may from time to time impose such further investment restrictions as shall be compatible with or in the interest of the Shareholders, in order to comply with the laws and regulations of the countries where Shareholders are placed.

### 1. Permitted Investments

Investments of a Fund are confined to:

- 1.1. Transferable securities and money market instruments (as prescribed in the Central Bank UCITS Regulations) which are either admitted to official listing on a stock exchange in an EU Member State or non-EU Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in an EU Member State or non-EU Member State.
- 1.2. Recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
- 1.3. Money market instruments, as defined in the Central Bank UCITS Regulations, other than those dealt on a regulated market.
- 1.4. Units of UCITS.
- 1.5. Units of Alternative Investment Funds (AIFs).
- 1.6. Deposits with credit institutions as prescribed in the Central Bank UCITS Regulations.
- 1.7. FDI as prescribed in the Central Bank UCITS Regulations.

### 2. Investment Limits

- 2.1. The Fund may invest no more than 10% of Net Asset Value in transferable securities and money market instruments other than those referred to in paragraph 1 above.
- 2.2. Recently Issued Transferable Securities
  - 2.2.1. Subject to paragraph 2.2.2 the Fund shall not invest any more than 10% of Net Asset Value in securities of the type to which Regulation 68(1)(d) of the EU UCITS Regulations apply.
  - 2.2.2. Paragraph 2.2.1 does not apply to an investment by the Fund in US Securities known as "Rule 144 A securities" provided that:
    - (a) the relevant securities have been issued with an undertaking to register the securities with the SEC within 1 year of issue; and
    - (b) the securities are not illiquid securities i.e. they may be realised by the Fund within 7 days at the price, or approximately at the price, which they are valued by the Fund.
- 2.3. The Fund may invest no more than 10% of Net Asset Value in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.

- 2.4. Subject to the prior approval of the Central Bank, the limit of 10% (in Paragraph 2.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in an EU Member State and is subject by law to special public supervision designed to protect bond-holders. If the Fund invests more than 5% of the Net Asset Value in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the Net Asset Value.
- 2.5. Subject to the prior approval of the Central Bank, the limit of 10% (in paragraph 2.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by an EU Member State or its local authorities or by a non-EU Member State or public international body of which one or more Member States are members.
- 2.6. The transferable securities and money market instruments referred to in paragraphs 2.4 and 2.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in paragraph 2.3.
- 2.7. Deposits with any single credit institution other than a credit institution specified in Regulation 7 of the Central Bank UCITS Regulations held as ancillary liquidity shall not exceed:
  - 2.7.1. 10% of the Net Asset Value; or
  - 2.7.2. where the deposit is made with the Depositary 20% of the Net Asset Value.
- 2.8. The risk exposure of the Fund to a counterparty to an OTC derivative may not exceed 5% of the Net Asset Value. This limit is raised to 10% in the case of a credit institution authorised in the EEA; a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988; or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.
- 2.9. Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of the Net Asset Value:
  - 2.9.1. investments in transferable securities or money market instruments;
  - 2.9.2. deposits, and/or
  - 2.9.3. counterparty risk exposures arising from OTC derivatives transactions.
- 2.10. The limits referred to in paragraphs 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined, so that exposure to a single body shall not exceed 35% of the Net Asset Value.
- 2.11. Group companies are regarded as a single issuer for the purposes of paragraphs 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20% of the Net Asset Value may be applied to investment in transferable securities and money market instruments within the same group.
- 2.12. The Fund may invest up to 100% of Net Asset Value in different transferable securities and money market instruments issued or guaranteed by any EU Member State, its local authorities, non-EU Member States or public international body of which one or more EU Member States are members. The individual issuers may be drawn from the following list:
  - 2.12.1. OECD Governments (provided the relevant issues are investment grade),
  - 2.12.2. Government of the People's Republic of China,
  - 2.12.3. Government of Brazil (provided the issues are of investment grade),
  - 2.12.4. Government of India (provided the issues are of investment grade),
  - 2.12.5. Government of Singapore,
  - 2.12.6. European Investment Bank,
  - 2.12.7. European Bank for Reconstruction and Development,
  - 2.12.8. International Finance Corporation,
  - 2.12.9. International Monetary Fund,
  - 2.12.10. Euratom,
  - 2.12.11. The Asian Development Bank,
  - 2.12.12. European Central Bank,

- 2.12.13. Council of Europe,
- 2.12.14. Eurofima,
- 2.12.15. African Development Bank,
- 2.12.16. International Bank for Reconstruction and Development (The World Bank),
- 2.12.17. The Inter American Development Bank,
- 2.12.18. European Union,
- 2.12.19. Federal National Mortgage Association (Fannie Mae),
- 2.12.20. Federal Home Loan Mortgage Corporation (Freddie Mac),
- 2.12.21. Government National Mortgage Association (Ginnie Mae),
- 2.12.22. Student Loan Marketing Association (Sallie Mae),
- 2.12.23. Federal Home Loan Bank,
- 2.12.24. Federal Farm Credit Bank,
- 2.12.25. Tennessee Valley Authority,
- 2.12.26. Straight-A Funding LLC,

The Fund must hold securities from at least 6 different issuers with securities from any one issuer not exceeding 30% of its Net Asset Value.

### **3. Investment in Collective Investment Schemes (CIS)**

- 3.1. The Fund may not invest more than 20% of Net Asset Value in any one CIS.
- 3.2. Investment in AIFs may not, in aggregate, exceed 30% of Net Asset Value.
- 3.3. The CIS in which the Fund invests are prohibited from investing more than 10% of Net Asset Value in other open-ended CIS.
- 3.4. When the Fund invests in the units of other CIS that are managed, directly or by delegation, by the Management Company or by any other company with which the Management Company is linked by common management or control, or by a substantial direct or indirect holding, the Management Company or that other company may not charge subscription, conversion or redemption fees on account of the Fund's investment in the units of such other CIS.

Where by virtue of investment in the units of another investment fund, the Company, the Management Company, the Investment Manager or an investment advisor receives a commission on behalf of the Fund (including a rebated commission), the Company shall ensure that the relevant commission is paid into the property of the Fund.

### **4. Index Tracking UCITS**

- 4.1. A Fund of the Company may invest up to 20% of Net Asset Value in shares and/or debt securities issued by the same body where the investment policy of that fund is to replicate an index which satisfies the criteria set out in the Central Bank UCITS Regulations and is recognised by the Central Bank
- 4.2. The limit in 4.1 may be raised to 35%, and applied to a single issuer, where this is justified by exceptional market conditions.

### **5. General Provisions**

- 5.1. The Company, the Investment Manager or an investment advisor (as applicable) acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
- 5.2. The Fund may acquire no more than:
  - 5.2.1. 10% of the non-voting shares of any single issuing body;
  - 5.2.2. 10% of the debt securities of any single issuing body;

- 5.2.3. 25% of the units of any single CIS;
- 5.2.4. 10% of the money market instruments of any single issuing body.

The limits laid down in paragraphs 5.2.2, 5.2.3 and 5.2.4 above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.

- 5.3. 5.1 and 5.2 shall not be applicable to:
  - 5.3.1. transferable securities and money market instruments issued or guaranteed by an EU Member State or its local authorities;
  - 5.3.2. transferable securities and money market instruments issued or guaranteed by a non-EU Member State;
  - 5.3.3. transferable securities and money market instruments issued by public international bodies of which one or more EU Member States are members;
  - 5.3.4. shares held by a Fund in the capital of a company incorporated in a non-EU member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-EU Member State complies with the limits laid down in 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6 and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed;
  - 5.3.5. Shares held by an investment company or investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on their behalf.
- 5.4. The Fund need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.
- 5.5. The Central Bank may allow recently authorised funds to derogate from the provisions of paragraphs 2.3 to 2.12, 3.1, 3.2, 4.1 and 4.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.
- 5.6. If the limits laid down herein are exceeded for reasons beyond the control of the Company, or as a result of the exercise of subscription rights, the Fund must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its shareholders.
- 5.7. The Company may not carry out uncovered sales of:
  - 5.7.1. transferable securities;
  - 5.7.2. money market instruments;
  - 5.7.3. units of CIS; or
  - 5.7.4. financial derivative instruments.
- 5.8. The Fund may hold ancillary liquid assets.

## **6. Financial Derivative Instruments (FDIs)**

- 6.1. The Fund's global exposure relating to FDI must not exceed its total Net Asset Value.
- 6.2. Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank UCITS Regulations. (This provision does not apply in the case of index-based FDI provided the underlying index is one which meets with the criteria set out in Central Bank UCITS Regulations.)
- 6.3. The Fund may invest in FDI dealt in over-the-counter (**OTC**) provided that the counterparties to OTC transactions are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.



6.4. Investment in FDI are subject to the conditions and limits laid down by the Central Bank.

## **7. Cross Investment**

Subject to the investment restrictions set out at paragraph 3 above, the Fund may invest in another fund of the Company provided that:

- 7.1. investment may not be made in a fund which itself holds Shares in other funds within the Company;
- 7.2. the rate of the annual management fee charged to investors in the investing fund in respect of that portion of the investing fund's assets invested in other funds shall not exceed the rate of the maximum annual management fee which investors in the investing fund may be charged in respect of the balance of the investing fund's assets, such that there shall be no double charging of the annual management fee to the investing fund as a result of its investments in other funds of the Company. This provision is also applicable to the annual fee charged by the Investment Managers where their fees are paid directly out of the assets of the Company; and
- 7.3. any in specie cross investment by the Fund requires the prior approval of the Central Bank.

## **Efficient Portfolio Management**

---

The Company may, on behalf of each Fund, employ investment techniques and FDIs, such as trading in futures and options and other derivative instruments for efficient portfolio management purposes and for currency hedging purposes, subject to the conditions and within the limits laid down from time to time by the Central Bank. Transactions entered into for efficient portfolio management purposes will be entered into for the purposes of the reduction of risk, or the reduction of cost or the generation of additional capital or income for a Fund, with a level of risk that is consistent with the risk profile of the Fund and the risk diversification rules set out in the Central Bank UCITS Regulations. All revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs, will be delivered to the Company.

Where such operations concern the use of derivative transactions, the Management Company must employ a risk-management process which enables it to accurately monitor, measure and manage at any time the risk of a Fund's positions and their contribution to the overall risk profile of the portfolio of assets of a Fund. It must employ a process for accurate and independent assessment of the value of OTC derivatives. Before investing in any financial derivative instruments on behalf of a Fund, the Company must prepare a risk management process report and submit it to the Central Bank and in accordance with particular requirements of the Central Bank which shall specify, for that purpose, the types of derivative instruments, the underlying risks, the quantitative limits and the methods which are chosen in order to estimate the risks associated with transactions in any derivative instruments applicable to a Fund. The Management Company will ensure that a Fund's global exposure to FDIs does not exceed the total net asset value of its portfolio and that counterparty risk exposure to any OTC derivative transactions never exceeds the limits permitted under the EU UCITS Regulations.

The Management Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

Any collateral obtained by a Fund under any transactions entered into for efficient portfolio management purposes must be in a form permitted under and must be applied in accordance with the provisions of the relevant Central Bank UCITS Regulations. Details of the Company's collateral policy are contained in Appendix III.

## **Borrowing and Leverage**

---

The Company may enter into any securities lending transactions which the Directors or their delegate consider necessary or desirable in the conduct of the Company's business, whether as an objective in itself and/or for other ancillary purposes including efficient portfolio management. Full details of any securities lending transactions entered into in relation to a Fund will be contained in Part One.

- 1. The Company may borrow up to 10% of its Net Asset Value provided this borrowing is on a temporary basis. The Depositary may give a charge over the assets of the Company in order to secure borrowings. Credit

balances (e.g. cash) may not be offset against borrowings when determining the percentage of borrowings outstanding.

2. The Company may acquire foreign currency by means of a back-to-back loan agreement. Foreign currency obtained in this manner is not classed as borrowings for the purposes of the borrowing restriction contained in the EU UCITS Regulations (and paragraph 1 above) provided that the offsetting deposit:

- ▶ is denominated in the base currency of the relevant Fund; and
- ▶ equals or exceeds the value of the foreign loan outstanding.

However where foreign currency borrowings exceed the value of the back-to-back deposit, any excess is regarded as borrowing for the purpose of the EU UCITS Regulations.

Without prejudice to the powers of the Company to invest in transferable securities, money market instruments and order financial instruments, referred to in paragraph 1 of the **Investment Restrictions** under the heading **Permitted Investments**, the Company may not lend, or act as guarantor on behalf of third parties.

A Fund may acquire permitted transferable securities, money market instruments and other financial instruments which are not fully paid. A Fund may not carry out uncovered sales of such transferable securities, money market instruments and other financial instruments.

Any special borrowing restrictions relating to a particular Fund will be formulated by the Directors at the time of the creation of such Fund. There are no special borrowing restrictions relating to a Fund currently in operation.

The Funds will not be leveraged (save on a short term basis as where the Funds may borrow). Each Fund is subject to a limitation that simple leverage may not exceed 100% of its Net Asset Value, thus total expenditure cannot exceed 200% of a Fund's Net Asset Value.

# APPENDIX II

## VALUATION OF ASSETS AND TEMPORARY SUSPENSION OF DETERMINATION OF NET ASSET VALUE

---

The Net Asset Value of the Company is calculated at each Valuation Point.

The Net Asset Value of a Fund is the value of the assets of the relevant Fund less its liabilities at each Valuation Point. The Net Asset Value per Share is the Net Asset Value of the relevant Fund divided by the total number of Shares of the relevant Fund in issue at each Valuation Point and rounding the resulting total to the nearest two decimal points.

Where a Fund contains different Share Classes, the Net Asset Value of each Share Class will be determined by dividing the total assets of a Fund attributable to that class pro-rata to the ratio as at the Valuation Point on that Dealing Day between Share Classes, less the liabilities attributable to that class pro-rata to the ratio as at the Valuation Point on that Dealing Day between Share Classes by the total number of Shares in that class which are in issue as at the Valuation Point.

The Articles provide for the method of valuation of the assets and liabilities of each Fund. In general, the valuation rules thereunder provide that the value of any investment which is quoted, listed or dealt in on a Permitted Market shall be the last bid price. Where such investment is listed or dealt in on more than one Permitted Market, the Management Company may in its absolute discretion select any one of such Permitted Markets for the foregoing purposes, which shall be the market which constitutes the main market in relation to such investment or the market, which in relation to such security, the Management Company considers most accurately reflects the true value of such security.

The value of any investment which is not listed or dealt in on a Permitted Market or which is listed or dealt in on a Permitted Market but where the market price is unrepresentative or unavailable shall be the probable realisation value thereof estimated with care and in good faith by a competent person appointed by the Management Company and approved, for such purpose, by the Depositary. In determining the probable realisation value of any such investment, the Management Company may accept a certified valuation thereof, provided by a competent third person appointed by the Management Company and approved, for such purpose, by the Depositary.

The value of any cash in hand or on deposit, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be face value thereof unless in any case the Management Company is of the opinion that the same is unlikely to be paid or received in full in which case the value thereof shall be arrived at after making such discount as the Management Company may consider appropriate in such case to reflect the true value thereof as at any relevant Valuation Point.

The value of any demand notes, promissory notes and accounts receivable shall be deemed to be the face value or full amount thereof after making such discount as the Management Company may consider appropriate to reflect the true current value thereof as at any relevant Valuation Point.

Forward foreign exchange contracts and interest rate swap contracts shall be valued by reference to freely available market quotations.

The value of any off-exchange derivative contracts shall be the settlement price from the counterparty to such contracts at the Valuation Point and shall be valued daily. The valuation will be approved or verified at least weekly by a party independent of the counterparty who has been approved for such purpose by the Depositary.

The value of any futures contracts, share price index futures contracts and swap and options which are dealt in on a Permitted Market shall be the settlement price as determined by the market in question as at a Valuation Point, provided that where it is not the practice for the relevant Permitted Market to quote a settlement price or

such settlement price is not available for any reason as at a Valuation Point, such value shall be the probable realisation value thereof estimated with care and in good faith by the Management Company or other competent person appointed by the Management Company provided that the Management Company or such other competent person shall have been approved for such purpose by the Depositary.

The value of units or shares or other similar participation in any collective investment scheme which provides for the units or shares or other similar participation therein to be redeemed at the option of the holder out of the assets of that undertaking shall be valued at the latest bid price published by the collective investment scheme.

Notwithstanding the generality of the foregoing, the Management Company may adjust the value of any such securities if, having regard to currency, marketability and/or such other considerations as it may deem relevant, it considers that such adjustment is required to reflect the probable realisation value thereof.

If in any case a particular value is not ascertainable as above provided or if the Management Company shall consider that some other method of valuation better reflects the fair value of the relevant investment then in such case the method of valuation of the relevant investment shall be such as the Management Company in its absolute discretion shall determine with the approval of the Depositary.

Notwithstanding the foregoing, where at the time of any valuation any asset of the Company has been realised or contracted to be realised there shall be included in the assets of the Company in place of such asset the net amount receivable by the Company in respect thereof provided that if such amount is not then known exactly then its value shall be the net amount estimated by the Management Company as receivable by the Company provided that if the net amount receivable is not payable until some future time after the time of any valuation the Management Company shall make such allowance as it considers appropriate to reflect the true current value thereof.

The Company may, in calculating the issue price, include in the issue price in respect of each Fund, for its own account, a charge sufficient to cover stamp duties and taxation (if any) in respect of the issue of Shares or certificates and delivery and insurance costs in respect of certificates and may also add a charge in respect of fiscal and purchase charges.

The price at which Shares will be repurchased on a Dealing Day is the Net Asset Value per Share of the relevant class which is calculated in the manner described above. The Company may, in calculating the Repurchase Price, deduct from the Net Asset Value per Share a charge in respect of fiscal and subscription charges.

## **Suspension of Calculation of Net Asset Value**

The Management Company, on behalf of the Company, may at any time temporarily suspend the calculation of the Net Asset Value of a Fund and the issue or repurchase of Shares during (i) any period when any of the principal markets on which a substantial part of the investments of the Fund are quoted is closed, otherwise than for ordinary holidays, or during which dealings thereon are restricted or suspended; or (ii) any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Directors, disposal or valuation of a substantial part of the investments of the Fund is not reasonably practicable without this being seriously detrimental to the interests of the Shareholders or if in the opinion of the Directors the Net Asset Value cannot be fairly calculated; or (iii) any breakdown in the means of communication normally employed in determining the value of the investments of the Fund or when for any reason the current prices on any market of a substantial part of the investments of the Fund cannot be promptly and accurately ascertained; or (iv) any period during which the Directors are unable to repatriate funds required for the purpose of making payments due on repurchase of Shares or during which the transfer of funds involved in the acquisition or realisation of investments or payments due on repurchase cannot, in the opinion of the Directors, be effected at normal prices or normal rates of exchange; or (v) any period when the Directors consider it to be in the best interests of the Shareholders.

Any suspension in the calculation of the Net Asset Value will be notified to the Central Bank immediately and in any event within the same working day on which such suspension occurs. Where possible, all reasonable steps will be taken to bring any period of suspension to an end at the earliest opportunity.

## PUBLICATION OF PRICES

Details of the most recent Net Asset Value per Share in each Fund may be obtained from the Administrator. These details are also published on Trustnet Offshore ([www.trustnetoffshore.com](http://www.trustnetoffshore.com)).

## CONDITIONS RELATING TO REPURCHASE OF SHARES

---

The Directors are entitled to limit the number of Shares of any Fund repurchased on any Dealing Day to 10% of the Net Asset Value of Shares of the relevant Fund. In this event, the limitation will apply pro rata so that all Shareholders wishing to have their Shares of the relevant Fund repurchased on that Dealing Day realise the same proportion of such Shares and Shares not repurchased, but which would otherwise have been repurchased, will be carried forward for repurchase on the next and subsequent Dealing Days, on a pro rata basis, until all the Shares to which the original repurchase requests related have been repurchased. If requests for repurchase are so carried forward, the Directors will inform the Shareholders affected.

The Articles contain special provisions where repurchase requests received from any one Shareholder would result in 5% or less of the Net Asset Value of Shares of the relevant Fund being repurchased by the Company on any Dealing Day. In such a case, with the consent of the redeeming Shareholder, the Company may satisfy the repurchase request by a distribution of investments in specie and may appropriate and transfer to him such assets in satisfaction or part satisfaction of the repurchase price or any part of the said repurchase price, provided that no such distribution will cause material prejudice to the interests of remaining Shareholders of the Fund and is approved by the Depositary.

The Articles also contain special provisions where repurchase requests received from any one Shareholder would result in more than 5% of the Net Asset Value of Shares of the relevant Fund being repurchased by the Company on any Dealing Day. In such a case, the Company may satisfy the repurchase request by a distribution of investments in specie and may elect by notice in writing to the Shareholder to appropriate and transfer to him such assets in satisfaction or part satisfaction of the repurchase price or any part of the said repurchase price, provided that no such distribution will cause material prejudice to the interests of remaining Shareholders of the Fund and is approved by the Depositary. Where a notice of election is served on a Shareholder the Shareholder may, by a further notice served on the Company, require the Company instead of transferring the assets in question to arrange for a sale of the assets and for payment to the Shareholder of the net proceeds of sale.

The Company may repurchase all Shares of a Fund or a Share Class, if, at any time, the Net Asset Value of a Fund is less than €10 million or currency equivalent or in the case of a Share Class, the Net Asset Value of the Share Class is less than € 1 million or currency equivalent or such other amounts as may be set out in Part One in relation to a Fund or Share Class. In such event, notice of the termination of a Fund or the repurchase of a Share Class as the case may be, will be given in writing to Shareholders of the Fund or the Share Class and such Shareholders will be deemed to have given a request in writing for the repurchase of their Shares pursuant to the Articles.

Shares may also be repurchased by the Company if a holding of Shares by a person or entity is unlawful or in order to satisfy any fees, costs or expenses owed or payable by any Shareholder of the relevant Share Class or Share Classes.

Shares acquired directly or indirectly by (1) US Persons (except pursuant to an exemption under the 1933 Act), (2) persons or entities in breach of any law or requirement of any country, (3) persons or entities who or which directly or indirectly may result in the Company incurring any liability to taxation or pecuniary disadvantage or (4) persons or entities who or which fail to provide such evidence, undertakings, documentation or supporting documentation as may be required for anti-money laundering, counter terrorism or tax legislation or other legal or regulatory requirement applicable or where the Directors consider it necessary in view of any anti-money laundering or counter terrorism provisions applicable to the Company may be subject to compulsory repurchase by the Company.

Shares may not be repurchased during any period when the calculation of the Net Asset Value of a Fund is suspended in the manner described above. Shareholders requesting repurchase will be notified of such suspension and, unless withdrawn, repurchase requests will be considered as at the next Dealing Day following the end of such suspension.

## GENERAL INFORMATION

---

### **Incorporation and Share Capital**

The Company was incorporated under the laws of the Republic of Ireland as an open-ended umbrella investment company with variable capital and with segregated liability between its Funds on 26 August 2009 with registered number 474507 and is authorised under the EU UCITS Regulations.

As at the date hereof, the authorised share capital of the Company is €500,000,000,000 shares of no par value, initially designated as unclassified shares and available for issue as Shares. The issued share capital includes €2 represented by 2 subscriber shares (issued for the purposes of the incorporation of the Company) which are beneficially owned by HSBC Management (Guernsey) Limited.

### **Description of Shares**

Subject to the exceptions set out below regarding **Transfer of Shares**, the Shares issued by the Company are freely transferable and entitled to participate equally in the profits and dividends of the relevant Fund and in its assets upon liquidation. The Shares, which are of no par value and which must be fully paid upon issue, carry no preferential or pre-emptive rights and are entitled to one vote each at all meetings of the relevant class of Shareholders. All Shares of each Fund will rank *pari passu*.

Where the amount subscribed is not equivalent to an exact number of Shares, fractions of Shares may be issued.

Shares in the Company are issued in non-certificated (non-registered) form. Shares will be evidenced by an entry in the register and are represented by written confirmation of ownership issued to the Shareholder. Share certificates will only be issued upon request.

### **Constitution**

The memorandum of association of the Company provides (at Clause 2) that the Company's sole object is the collective investment in transferable securities and/or other financial instruments of capital raised from the public operating on the principle of risk spreading in accordance with the EU UCITS Regulations.

The following section is a summary of the principal provisions of the Articles of the Company. Defined terms in this section bear the same meanings as defined in the Company's Articles.

#### ***Variation of Rights***

The rights attached to any class may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three-fourths of the issued Shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of the class. The provisions of the Articles relating to general meetings shall apply to every such separate general meeting except that the necessary quorum at any such meeting, other than an adjourned meeting, shall be two persons holding or representing by proxy at least one-third of the issued Shares of the class in question or, at an adjourned meeting, one person holding Shares of the class in question or his proxy. Any holder of Shares of the class in question present in person or by proxy may demand a poll.

#### ***Voting Rights***

The Articles provide that on a show of hands, every member holding Shares, who is present in person or by proxy shall have one vote. The holders of subscriber shares present in person or by proxy shall have one vote in respect of all the subscriber shares in issue. On a poll, every member present in person or by proxy shall have one vote for every Share of which he is the holder. Holders who hold a fraction of a Share may not exercise any voting rights, whether on a show of hands or on a poll, in respect of such Share and holders of subscriber shares shall be entitled to one vote in respect of all the subscriber shares in issue at a general meeting of the Company.

### ***Changes in Share Capital***

The Company may from time to time by ordinary resolution increase its capital by such amount as the resolution shall prescribe.

The Company may, by ordinary resolution, alter its capital by consolidating and dividing its share capital into Shares of larger amount than its existing Shares, by sub-dividing its Shares into Shares of smaller amount than that fixed by the Memorandum of Association of the Company, or by cancelling any Shares which, at the date of the passing of the ordinary resolution in that behalf have not been taken, or agreed to be taken, by any person, and diminish the amount of its share capital by the amount of the Shares so cancelled.

The Company may by special resolution from time to time reduce its share capital in any way. In particular, the Company may: -

- ▶ extinguish or reduce the liability on any of its Shares in respect of share capital not paid up; or
- ▶ with or without extinguishing or reducing liability on any of its Shares: -
  - cancel any paid-up share capital which is lost, or which is not represented by available assets;
  - pay off any paid-up share capital which is in excess of the requirements of the Company

### ***Directors' Interests***

Provided the nature of his interest is or has been declared, a Director or intending Director may enter into any contract with the Company and such contract or arrangement shall not be liable to be avoided and the Director concerned shall not be liable to account to the Company for any profit realised by any such contract or arrangement by reason of his holding of that office or the fiduciary relationship so established and may hold any other office or place of profit with the Company in conjunction with the office of Director on such terms as to tenure of office and otherwise as the Directors may determine.

A Director shall not vote or be counted in the quorum present on any resolution in respect of his appointment (or the arrangement of the terms of appointment) to hold any office or place of profit with the Company or in respect of any contract or arrangement in which he is materially interested. This prohibition does not apply (in the absence of some other material interest than is indicated below), inter alia, to:

- ▶ the giving of any security or indemnity to him in respect of money lent or obligations incurred by him for the benefit of the Company;
- ▶ any contract or arrangement by a Director to guarantee or underwrite Shares or debentures of the Company;
- ▶ any proposals concerning any other company in which he is directly interested whether as a director, shareholder, creditor or otherwise howsoever provided that he is not the holder of or beneficially interested in 1% or more of any class of the issued equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company, any such interest being deemed for the purpose of the Articles to be a material interest in all circumstances.

The Company may by ordinary resolution suspend or relax the provisions described above to any extent or ratify any transaction not duly authorised by reason of a contravention thereof.

Each Director shall be entitled to such remuneration for his services as the Directors may determine provided that the aggregate emoluments of each Director in respect of any twelve Month period shall not exceed €100,000, plus expenses or such higher amount agreed by the Directors from time to time and notified in advance to the Shareholders.

### ***Borrowing Powers***

The Company may borrow up to 10% of its Net Asset Value provided this borrowing is on a temporary basis. The Depositary of the Company may give a charge over the assets of the Company in order to secure borrowings. Credit balances (e.g. cash) may not be offset against borrowings when determining the percentage of borrowings outstanding.

The Company may acquire foreign currency by means of a back-to-back loan agreement. Foreign currency obtained in this manner is not classed as borrowings for the purpose of the borrowing restriction contained in Regulation 70 of the EU UCITS Regulations (and the 10% limit referred to above) provided that the offsetting deposit:

- ▶ is denominated in the base currency of the Company; and
- ▶ equals or exceeds the value of the foreign currency loan outstanding



However, where foreign currency borrowings exceed the value of the back-to-back deposit, any excess is regarded as borrowing for the purposes of Regulation 70 of the EU UCITS Regulations (and paragraph (i) above).

#### ***Retirement of Directors***

There is no provision for the retirement of Directors on their attaining a certain age.

#### ***Transfer of Shares***

Subject to certain exceptions in the case of US Persons or certain other categories of persons, the Shares of each class in the Company are freely transferable and entitled to participate equally in the profits and dividends of the Fund to which they relate and in its assets upon liquidation.

#### ***Unclaimed Dividend***

Any dividend unclaimed after a period of 6 years from the date of declaration of such dividend shall be forfeited and shall revert to the Company for the account of the relevant Fund.

#### ***Funds***

The Directors are required to establish a separate portfolio of assets for each Fund in the following manner:

- ▶ separate records shall be kept for each Fund to record all transactions relating to the relevant Fund and, in particular, the proceeds of allotment of the investment, and the liabilities income and expenditure attributable thereto;
- ▶ any asset derived from another asset comprised in a Fund shall be applied to the same Fund as the asset from which it was derived and any increase or diminution in value of such an asset shall be applied to the relevant Fund;
- ▶ in the case of any asset which the Directors do not consider as attributable to a particular Fund or Funds, the Directors shall have discretion, subject to the approval of the Depositary, to determine the basis upon which any such asset shall be allocated between Funds and the Directors shall, subject to the approval of the Depositary, have power at any time and from time to time to vary such basis;
- ▶ any liability shall be allocated to the Fund or Funds to which in the opinion of the Directors it relates or if such liability is not attributable to any particular Fund, the Directors shall have discretion, subject to the approval of the Depositary, to determine the basis on which any liabilities shall be allocated between Funds and the Directors shall, subject to the approval of the Depositary, have power at any time and from time to time to vary such basis; and
- ▶ in the event that any Asset attributable to a Fund is taken in execution of a liability not attributable to that Fund, the provisions of section 1406 of the Companies Act shall apply.

#### ***Termination of Funds***

Any Fund may be terminated by the Directors, in their sole and absolute discretion, by notice in writing to the Depositary in any of the following events:-

- ▶ if at any time the Net Asset Value of the relevant Fund shall be less than such minimum amount as may be determined by the Directors in respect of that Fund; or
- ▶ if any Fund shall cease to be authorised or otherwise officially approved; or
- ▶ if any law shall be passed which renders it illegal or in the opinion of the Directors impracticable or inadvisable to continue the relevant Fund.

The decision of the Directors in any of the events specified herein shall be final and binding on all the parties concerned but the Directors shall be under no liability on account of any failure to terminate the relevant Fund pursuant to these provisions or otherwise.

The Directors shall give 30 days (or such lesser period as the Shareholders in the relevant Fund may agree) notice of termination of a Fund to the holders of Shares in the relevant Fund and by such notice fix the date at which such termination is to take effect, which date shall be for such period after the service of such notice as the Directors shall in their sole and absolute discretion determine.

With effect on and from the date as at which any Fund is to terminate:

- ▶ No Shares of the relevant Fund may be issued or sold by the Company;
- ▶ The Investment Manager shall, on the instructions of the Directors and/or the Management Company, realise all the Assets then comprised in the relevant Fund (which realisation shall be carried out and completed in



such manner and within such period after the termination of the relevant Fund as the Directors think advisable);

- ▶ The Depositary shall, on the instructions of the Directors from time to time, distribute to the holders of Shares of the relevant Fund in proportion to their respective interests in the relevant Fund all net cash proceeds derived from the realisation of the relevant Fund and available for the purpose of such distribution, provided that the Depositary shall not be bound (except in the case of the final distribution) to distribute any of the monies for the time being in its hands the amount of which is insufficient to pay €1 or its equivalent amount in the relevant currency in respect of each Share of the relevant Fund and provided also that the Depositary shall be entitled to retain out of any monies in its hands as part of the relevant Fund full provision for all costs, charges, expenses, claims and demands incurred, made or apprehended by the Depositary or the Directors in connection with or arising out of the termination of the relevant Fund and out of the monies so retained to be indemnified and saved harmless against any such costs, charges, expenses, claims and demands; and
- ▶ Every such distribution referred to above shall be made in such manner as the Directors shall, in their sole and absolute discretion, determine but shall be made only upon delivery to the Depositary of such form of request for payment as the Depositary shall in its absolute discretion require. Any unclaimed proceeds or other cash held by the Depositary hereunder may at the expiration of twelve months from the date upon which the same were payable be paid into court subject to the right of the Depositary to deduct therefrom any expenses it may incur in making such payment.

### ***Winding Up***

The Articles contain provisions to the following effect:

Subject to the provisions of the Companies Act, if the Company shall be wound up the liquidator shall apply the assets of each Fund in such manner and order as he thinks fit in satisfaction of creditors' claims relating to that Fund. The liquidator shall in relation to the assets available for distribution among the members make in the books of the Company such transfers thereof to and from Funds as may be necessary in order that the effective burden of such creditors' claims are attributed in accordance with the foregoing provision.

Following the deduction of the estimated expenses relating to the liquidation, the assets available for distribution among the members shall then be applied in the following priority:

- ▶ *First*, in the payment to the holders of the Shares in each Fund of a sum in the currency in which that Fund is designated (or in any other currency selected by the liquidator) as nearly as possible equal (at the prevailing rate of exchange) to the Net Asset Value of the Shares of such Fund held by such holders respectively as at the date of commencement to wind up provided that there are sufficient assets available in the relevant Fund, to enable such payment to be made. In the event that, as regards any Fund, there are insufficient assets available in the relevant Fund to enable such payment to be made, recourse shall be had:
  - a. first, to the assets of the Company not comprised within any of the Funds, and
  - b. secondly, to the assets remaining in the other Funds (after payment to the holders of the Shares of the Funds to which they relate of the amounts to which they are respectively entitled under paragraph (a) pro rata to the total value of such assets remaining within each such Fund;
- ▶ *Secondly*, in the payment to the holders of subscriber shares of sums up to the nominal amount paid thereon out of the assets of the Company not comprised in any of the Funds remaining after recourse thereto under sub-paragraph (a) above. In the event that there are insufficient assets as aforesaid to enable such payment in full to be made, no recourse shall be had to the assets comprised within any of the Funds;
- ▶ *Thirdly*, in the payment to the holders of each Fund of any balance then remaining in the relevant Funds, such payment being made in proportion to the number of Shares held in such Funds; and
- ▶ *Fourthly*, in the payment to the holders of Shares of any balance then remaining and not comprised within any of the Funds, such payment being made in proportion to the number of Shares held.
- ▶ A Fund may be wound up pursuant to Section 1406 of the Companies Act and in such event the provisions reflected in this section shall apply mutatis mutandis in respect of that Fund.

If the Company shall be wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Act, divide among the members in specie the whole or any part of the assets of the Company, and whether or not the assets shall consist of property of a single kind, and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such division shall be carried out as between the members or different classes of members. Where such a distribution in specie is being made a

member may elect to have such assets sold at the sole expense of the member and to have the net proceeds of such sale remitted to him. The liquidator may, with the like authority, vest any part of the assets in depositaries upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, and the liquidation of the Company may be closed and dissolved, but so that no member shall be compelled to accept any assets in respect of which there is liability.

## **Material Contracts**

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into since the incorporation of the Company and are, or may be, material: -

### ***Management Agreement***

Under the Management Agreement, the Management Company has agreed to carry on the role of management company to the Company and to be responsible on a day-to-day basis under the supervision of the Directors, for providing administration, marketing, global distribution, investment management and advice services in respect of all Funds.

Liability of the parties is included in the Management Agreement which stipulates limits based on the impact to the Funds. A clause covering 'force majeure' is included together with matters related to Conflicts of Interest. The Management Agreement also details obligations around anti-bribery and corruption, the effective date of the Management Agreement, the duration and termination details.

The Management Agreement may be terminated by either party on the giving of no less than 3 months' prior written notice or earlier in certain circumstances specified in the agreement.

The Management Agreement details the representations that need to be made by the Company and the Management Company. In conjunction with this, the Management Agreement defines the duties and powers of the Management Company together with its responsibilities.

The Management Agreement also details activities related to the delegation of activity by the Management Company. Concerning the operational aspects, the agreement also defines such matters as 'proper instructions' and matters related to the charges and expenses of the Management Company.

The Management Agreement also makes reference to obligations linked to confidentiality and data protection. The Management Agreement also covers obligations around notices, severability, waivers, assignments and amendments, plus the governing law and jurisdiction.

The Management Agreement also contains appendices which detail EMIR reporting requirements, plus the remuneration of the Management Company by the Company.

### ***Administration Agreement***

Under the Administration Agreement, the Administrator has agreed to carry on the general administration of the Company.

The Administration Agreement may be terminated by the Management Company or the Administrator on the giving of 90 days' prior written notice or earlier in certain circumstances specified in the Administration Agreement.

The Administration Agreement contains certain indemnities in favour of the Administrator, its delegated affiliates, directors, officers, employees which are restricted to exclude matters arising by reasons of the negligence, fraud or wilful misconduct of the Administrator, its delegated affiliates, directors, officers, employees in the performance of the services under the Administration Agreement.

### ***Depositary Agreement***

The Depositary Agreement provides that the appointment of the Depositary will continue unless terminated by any party giving to the other parties 90 days' written notice, although in certain circumstances the Depositary Agreement may be terminated forthwith by notice in writing. Any successor depositary must be acceptable to the Company and must be an entity approved by the Central Bank. In addition, the appointment of the successor depositary must be approved by the Central Bank. If no successor is appointed at the end of the 90 day notice period or such other periods as may be agreed between the parties from the giving of such notice, the Depositary

may require the Company to be wound up. In such case, the Directors shall apply in writing to the Central Bank for revocation of the Company's authorisation and the Depositary shall remain as the Depositary, notwithstanding the expiration of the notice period, until such time as the Central Bank has revoked the Company's authorisation. Under the Depositary Agreement, the Depositary is liable for any loss suffered by the Company or the Shareholders as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations under the Regulations. In the event of the loss of a financial instrument held in custody, the Depositary must return a financial instrument of identical type or the corresponding amount to the Company, or the Management Company acting on behalf of the Company, without undue delay.

The Depositary Agreement contains certain indemnities in favour of the Depositary, every delegate and their respective officers, agents and employees which are restricted to exclude matters arising by reasons of the negligence, fraud or wilful default of the Depositary, every delegate and their respective officers, agents and employees.

#### ***Investment Management Agreement***

Under the Investment Management Agreement, the Management Company has delegated the powers of determining investment policy and the investment management of the Fund to the Investment Manager.

The Investment Management Agreement provides that each party will be liable to the other party in case of negligence, fraud or wilful misconduct in the performance of its duties and obligations pursuant to the Investment Management Agreement.

The Investment Manager shall indemnify and hold harmless the Company, and/or the Management Company, as well as their officers, directors, staff or shareholders from and against all costs, expenses, losses, damages, liabilities, demands, charges, penalties, actions, claims, judgements, measures imposed by the courts, that may be sustained, caused to or incurred by any of them and that result from the non-performance of duties and obligations pursuant to the Investment Management Agreement. The Management Company shall indemnify the Investment Manager against the same arising out of (i) the non-performance by the Management Company any of its duties and obligations pursuant to the Investment Management Agreement; or (ii) any action properly taken by the Investment Manager as agent for the Management Company in accordance with the Investment Management Agreement.

Under the Investment Management Agreement, the Investment Manager shall be at liberty in the performance of its duties with respect to the selection of investments and in the exercise of the powers, discretions, privileges and duties vested in it hereunder to act by responsible officers or employees and, with the approval of the Management Company, to employ and pay out of its assets a sub-adviser (including but not limited any of its affiliates) to perform or concur in performing any of the investment advisory services required to be performed under the Investment Management Agreement. The Investment Manager shall remain responsible to the Management Company for acts or omissions of such entity. The Investment Manager is required under the Investment Management Agreement to carry out initial and ongoing due diligence and report thereon to the Management Company. The Investment Manager may also employ agents (including affiliates, brokers, dealers and other financial intermediaries) to perform any administrative, dealing or ancillary services required to enable the Investment Manager to perform its services and is required to act in good faith and with reasonable skill and care in the selection, use and monitoring of agents.

The Investment Management Agreement shall continue in force unless and until terminated by one party giving not less than three months' prior written notice to the other party although in certain circumstances, the Investment Management Agreement may be terminated forthwith by notice in writing by either party to the other.

#### **Litigation and Arbitration**

The Company is not engaged in any legal or arbitration proceedings and no legal or arbitration proceedings are known to the Directors to be pending or threatened by or against the Company.

#### **Miscellaneous**

There are no service contracts in existence between the Company and any of its Directors nor are any such contracts proposed.

No Director is materially interested in any contract or arrangement subsisting at the date hereof which is unusual in its nature and conditions or significant in relation to the business of the Company.

At the date of this document, the Company does not have any loan capital (including term loans) outstanding or created but unissued, or any outstanding mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowings (other than normal banking facilities or arrangements), including acceptance credits, obligations under finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

Security has been granted over assets of the Company in favour of HSBC Continental Europe and HSBC Bank plc pursuant to charging documents entered into by the Company.

At the date of this document neither the Directors nor any Person Closely Associated with them have any interest in the share capital of the Company or any options in respect of such capital.

No share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.

No commission, discounts, brokerage or other special terms have been paid or granted or are payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares or loan capital of the Company.

Save as disclosed under the heading **Directors' Interests** above, no Director has any interest in the promotion of or in any property acquired or proposed to be acquired by the Company.

Save as may result from the entry by the Company into the agreements listed under the heading **Material Contracts** above or any fees, commissions or expenses discharged, no amount or benefit has been paid or given or is intended to be paid or given to any promoter of the Company.

No commission, discounts, brokerage or other special terms have been granted by the Company in relation to Shares issued or to be issued by the Company; on any issue or sale of Shares, the Investment Manager may, out of its own funds or out of the subscription charges, pay commissions on applications received through brokers and other professional agents or grant discounts.

The Directors confirm that the Company was incorporated on 26 August 2009 and does not have any subsidiaries at the date of this Prospectus.

### **Documents for Inspection**

Copies of the following documents are available for inspection, free of charge, during normal business hours on weekdays (Saturdays and public holidays excepted) at the registered office of the Company, 3 Dublin Landings, North Wall Quay, Dublin 1, Ireland or in the case of UK investors at the offices of the Investment Manager, 8 Canada Square, London, E14 5HQ:

- ▶ the Constitution;
- ▶ the Prospectus and the Key Investor Information Document(/s);
- ▶ the annual and semi-annual reports relating to the Company most recently prepared by the Administrator;
- ▶ details of notices sent to Shareholders;
- ▶ the material contracts referred to above;
- ▶ the EU UCITS Regulations;
- ▶ the Central Bank UCITS Regulations; and
- ▶ a list of any directorships or partnerships, past or present, held by the Directors in the last five years.

Copies of the Constitution (as amended from time to time) and the latest financial reports of the Company may be obtained, free of charge, upon request at the registered office of the Company or in the case of UK investors at the offices of the Investment Manager, 8 Canada Square, London, E14 5HQ.

Any complaints that a Shareholder may have in relation to the Company may be sent to the Administrator at 78 Sir John Rogerson's Quay, Dublin 2, Ireland. Information regarding the Company's complaint procedures are available free of charge upon a written request to the Administration at the above address.

In addition to the above, UK investors who have a complaint to make can in the first instance submit their complaint in writing to c/o the Compliance Officer of HSBC Alternative Investments Limited, 8 Canada Square, London, E14 5HQ. Eligible complainants may refer unresolved complaints to the Financial Ombudsman Service.

Notices or other documents required or authorised to be served under the Financial Services and Markets Act, 2000 (as amended) can also be sent to the Chief Executive Officer of HSBC Alternative Investments Limited, 8 Canada Square, London, E14 5HQ.

Details of the most recent subscription and repurchase prices of the Shares may also be obtained by UK investors from HSBC Alternative Investments Limited, 8 Canada Square, London, E14 5HQ. UK investors can also submit an application for a repurchase of their Shares to this address for onward transmission to the Company for processing.

Additional information is made available by the Management Company, at its registered office, upon request, in accordance with the provisions of Luxembourg laws and regulations. This additional information includes the procedures relating to complaints handling, the strategy followed for the exercise of voting rights of the Company, the policy for placing orders to deal on behalf of the Company with other entities, the best execution policy as well as the arrangements relating to the fee, commission or non-monetary benefit in relation with the investment management and administration of the Company.

## **Protected Disclosure**

The Protected Disclosures Act 2014 (the **2014 Act**), as amended in accordance with EU Directive 2019/1937 (the Whistleblowing Directive), gives legal protection to Workers who make disclosures. Shareholders are included within the scope of the definition of "Worker" under the 2014 Act. In the event that a Shareholder wishes to report a relevant wrongdoing under the 2014 Act or wishes to be provided with further information on the procedure for doing so, a Shareholder can write to the chairperson of the board of directors of the Company at the Company's registered address. The Company encourages reports of wrongdoing to be made internally in the first instance. However, internal reporting does not preclude the making of an external report. Depending on the nature of the wrongdoing, a Shareholder may, subject to complying with the requirements of the 2014 Act, make a report externally to a prescribed person under the 2014 Act or to the Protected Disclosures Commissioner who will identify a suitable prescribed person. Prescribed persons have regulatory functions in the area which are the subject of the alleged wrongdoings. A full list of protected disclosure prescribed persons can be found on the gov.ie website.

# APPENDIX III

## COLLATERAL POLICIES

---

Although the Company does not currently enter into any collateral arrangements in relation to the Fund, the Central Bank UCITS Regulations provides that risk exposure to an OTC derivative counterparty may be reduced where the counterparty provides the Fund with collateral. The Fund may disregard the counterparty risk on condition that the value of the collateral, valued at market price and taking into account appropriate discounts, exceeds the value of the amount exposed to risk at any given time.

The Investment Manager will liaise with the Depositary in order to manage all aspects of the counterparty collateral process.

1. Collateral received must at all times meet with the following criteria:

1.1. Liquidity

Collateral received, other than cash, should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to its pre-sale valuation. Collateral that is received should also comply with the provisions of Regulation 74 of the EU UCITS Regulations.

1.2. Valuation

Collateral that is received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place.

1.3. Issuer Credit Quality

Collateral received should be of high quality. Where the issuer is subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account in the credit assessment process. Where an issuer is downgraded below the two highest short-term credit ratings by the credit rating agency referred to above this shall result in a new credit assessment being conducted of the issuer by the Company without delay.

1.4. Correlation

Collateral received should be issued by an entity that is independent from the counterparty. There should be a reasonable ground to expect that it would not display a high correlation with the performance of the counterparty.

1.5. Diversification (Asset Concentration)

1.5.1. Subject to sub-paragraph 1.5.2 below, collateral should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer of 20 per cent of the Net Asset Value. When the Company is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20 per cent limit of exposure to a single issuer.

1.5.2. The Company may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by an EU Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. The Company should receive securities from at least 6 different issues, but securities from any single issue should not account for more than 30 per cent of the Net Asset Value. If the Company intends to be fully collateralised in securities issued or guaranteed by an EU Member State this should be disclosed in the prospectus of the Company. The Company should also identify the Member States, local authorities, or public international bodies or guaranteeing securities which they are able to accept as collateral for more than 20 per cent of their Net Asset Value.

- 1.6. Immediately Available  
Collateral received should be capable of being fully enforced by the Company at any time without reference to or approval from the counterparty.
2. The Management Company ensures that the RMP identifies, manages and mitigates risks linked to the management of collateral, including operational risks and legal risks.
3. Receipt of Collateral
  - 3.1. Where the Company receives collateral on a title transfer basis it shall ensure that that collateral is held by the Depositary.
  - 3.2. Where the Company receives collateral on any basis other than a title transfer basis, that collateral may be held by a third party depositary provided that that depositary is subject to prudential supervision and is unrelated and unconnected to the provider of the collateral.
4. The Company shall not sell, pledge or re-invest the non-cash collateral received by the Company.
5. Where the Company invests the cash collateral received by the Company, such investments shall only be made in one or more of the following:
  - 5.1. a deposit with a credit institution which is within at least one of the following categories:
    - 5.1.1. a credit institution authorised in the EEA;
    - 5.1.2. a credit institution authorised within a signatory state, other than a Member State of the EEA, to the Basle Capital Convergence Agreement of July 1988; or
    - 5.1.3. a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.
  - 5.2. a high-quality government bond;
  - 5.3. a reverse repurchase agreement, provided the transaction is with a credit institution referred to in paragraph 5.1 above and the Company is able to recall at any time the full amount of cash on an accrued basis; or
  - 5.4. a short-term money-market fund as defined in the ESMA Guidelines on a Common Definition of European Money-Market Funds (Ref: CESR/10-049).
6. Where the Company invests the cash collateral received by the Company:
  - 6.1. that investment shall comply with the diversification requirements applicable to non-cash collateral; and
  - 6.2. invested cash collateral shall not be placed on deposit with the counterparty or with any entity that is related or connected to the counterparty.
7. The Company shall ensure that, where the Company receives collateral for at least 30 per cent of its assets:
  - 7.1. there is in place a stress testing policy that prescribes the components set out in paragraph 8 below; and
  - 7.2. stress tests are carried out regularly under normal and exceptional liquidity conditions to enable the Company to assess the liquidity risk attached to the collateral.
8. The components of the stress-testing policy to which paragraph 7 above refers are:
  - 8.1. the design of stress test scenario analysis including calibration, certification and sensitivity analysis;
  - 8.2. the empirical approach to impact assessment, including back-testing of liquidity risk estimates;
  - 8.3. the reporting frequency and the threshold(s) for limits and losses; and
  - 8.4. the mitigation actions to be taken to reduce loss including haircut policy and gap risk protection.
9. The Company shall, in accordance with paragraph 10 below, establish and ensure adherence to a haircut policy, adapted for each class of assets received as collateral.
10. The requirements to which paragraph 9 above refer are:

- 10.1. when devising the haircut policy, the Company shall take into account the characteristics of the assets, such as the credit standing or the price volatility, as well as the outcome of the stress tests performed in accordance with Regulation 21 of the Central Bank UCITS Regulations;
- 10.2. the Company shall document the haircut policy; and
- 10.3. the Company shall justify and document each decision to apply a specific haircut or to refrain from applying any haircut, to any specific class of assets.
- 11. Where a counterparty to a repurchase or a securities lending agreement, which has been entered into by the Company:
  - 11.1. was subject to a credit rating by an agency registered and supervised by the European Securities and Markets Authority that rating shall be taken into account by the Company in the credit assessment process; and
  - 11.2. where a counterparty is downgraded to A-2 or below (or comparable rating) by the credit rating agency referred to in sub-paragraph 11.1 above this shall result in a new credit assessment being conducted of the counterparty by the Company without delay.
- 12. The Company shall ensure that it is at all times able to recall any security that has been lent out or to terminate any securities lending agreement to which it is party.



# APPENDIX IV

## PERMITTED STOCK EXCHANGES AND MARKETS

---

With the exception of permitted investment in unlisted securities, investment by the Company will be restricted to stock exchanges and markets which are regulated, operate regularly, are recognised and are open to the public and which are listed below. The exchanges and markets set out below are listed in accordance with the requirements of the Central Bank, which does not issue a list of approved markets.

1. **a. any stock exchange which is:**

located in an EEA Member State (except Malta);

located in Australia, Canada, Hong Kong, Japan, New Zealand, Switzerland, United States of America, United Kingdom; or

**b. any stock exchange included in the following list:**

**Argentina** – Bolsa de Comercio de Buenos Aires, Cordoba, Mendoza, Rosario and La Plata Stock Exchange;

**Bahrain** – Bahrain Stock Exchange;

**Bangladesh** – Chittangong Stock Exchange and Dhaka Stock Exchange;

**Botswana** – Botswana Stock Exchange;

**Brazil** – Bolsa de Valores de Sao Paulo, Bolsa de Valores de Brasilia, Bolsa de Valores de Bahia-Sergipe - Alagoas, Bolsa de Valores de Extremo Sul, Bolsa de Valores de Parana, Bolsa de Valores de Regional, Bolsa de Valores de Santos, Bolsa de Valores de Pernambuco e Paraiba and Bolsa de Valores de Rio de Janeiro;

**Chile** – Santiago Stock Exchange and Valparaiso Stock Exchange;

**China** – Shanghai Stock Exchange, Fujian Stock Exchange, Hainan Stock Exchange and Shenzhen Stock Exchange;

**Colombia** – Bolsa de Bogota and Bolsa de Medellin;

**Costa Rica** – Bolsa Nacional de Valores;

**Croatia** – Zagreb Stock Exchange;

**Egypt** – Cairo Stock Exchange and Alexandria Stock Exchange;

**Ghana** – Ghana Stock Exchange;

**India** – Mumbai Stock Exchange, Madras Stock Exchange, Delhi Stock Exchange, Ahmedabab Stock Exchange, Bangalore Stock Exchange, Cochin Stock Exchange, Guwahati Stock Exchange, Magadh Stock Exchange, Pune Stock Exchange, Hyderabad Stock Exchange, Ludhiana Stock Exchange, Uttar Pradesh Stock Exchange, Calcutta Stock Exchange and the National Stock Exchange of India;

**Indonesia** – Jakarta Stock Exchange and Surabaya Stock Exchange;

**Israel** – Tel Aviv Stock Exchange;

**Ivory Coast** – Abidjan Stock Exchange;

**Jordan** – Amman Stock Exchange;

**Kazakhstan** – Kazakhstan Stock Exchange;

**Kenya** – Nairobi Stock Exchange;

**Korea** – Korean Stock Exchange;

**Kuwait** – Kuwait Stock Exchange;

**Malaysia** – Kuala Lumpur Stock Exchange;

**Mauritius** – Stock Exchange of Mauritius;

**Mexico** – Bolsa Mexicana de Valores;

**Morocco** – Casablanca Stock Exchange;

**Namibia** – Namibian Stock Exchange;

**Nigeria** – Lagos Stock Exchange, Kaduna Stock Exchange and Port Harcourt Stock Exchange;

**Oman** – Muscat Securities Market;

**Pakistan** – Lahore Stock Exchange and Karachi Stock Exchange;

**Panama** – Panama Stock Exchange;

**Peru** – Bolsa de Valores de Lima ;

**Philippines** – Philippines Stock Exchange;

**Qatar** – Doha Stock Exchange;

**Russia** – RTS Stock Exchange, MICEX;

**Saudi Arabia** – Riyadh Stock Exchange;

**Serbia** – Belgrade Stock Exchange;

**Singapore** – The Stock Exchange of Singapore;

**South Africa** – Johannesburg Stock Exchange;

**Swaziland** – Swaziland Stock Exchange;

**Sri Lanka** – Colombo Stock Exchange;

**Taiwan** – Taipei Stock Exchange Corporation;

**Thailand** – The Stock Exchange of Thailand;

**Tunisia** – Tunis Stock Exchange;

**Turkey** – Istanbul Stock Exchange;

**Ukraine** – Ukrainian Stock Exchange;

**United Arab Emirates** – Abu Dhabi Securities Market, Dubai Financial Market, NASDAQ Dubai;

**Uruguay** – Montevideo Stock Exchange;

**Vietnam** – Vietnam Stock Exchange;

**Zambia** – Lusaka Stock Exchange;

**Zimbabwe** – Zimbabwe Stock Exchange;

**c. any of the following over the counter markets:**

The market organised by the International Capital Market Association;

The (i) market conducted by banks and other institutions regulated by the FCA or the Prudential Regulation Authority (**PRA**) and (ii) market in non-investment products which is subject to the guidance contained in the Non-Investment Products Code drawn up by the participants in the London market and the Bank of England;

The market in United States government securities conducted by primary dealers regulated by the Federal Reserve Bank of New York and the United States Securities and Exchange Commission;

The over-the-counter market in the United States conducted by primary and secondary dealers regulated by the Securities and Exchanges Commission and by the Financial Industry Regulatory Agency (**FINRA**) (and by banking institutions regulated by the United States Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation);

The over-the-counter market in Japan regulated by the Securities Dealers Association of Japan;

The Over-the-Counter market in Canadian Government Bonds as regulated by the Investment Dealers Association of Canada;

The French market for **Titres de Créances Négociables** (over-the-counter market in negotiable debt instruments)

**d. any of the following electronic exchanges:**

NASDAQ;

KOSDAQ; (Korea)

SESDAQ; (Singapore)

TAISDAQ/Gretai Market; (Taiwan)

RASDAQ; (Romania)

2. In relation to any exchange traded financial derivative contract, any stock exchange on which such contract may be acquired or sold and which is regulated, operates regularly, is recognised and open to the public and which is (i) located in an EEA Member State, (ii) located in Australia, Canada, Hong Kong, Japan, New Zealand, Switzerland, United States, United Kingdom (iii) the Channel Islands Stock Exchange (iv) listed at (d) above or (v) any of the following:

The Chicago Board of Trade;

The Mercantile Exchange;

The Chicago Board Options Exchange;

EDX London;

New York Mercantile Exchange;

New York Board of Trade;

New Zealand Futures and Options Exchange;

Hong Kong Futures Exchange;

Singapore Commodity Exchange;

Tokyo International Financial Futures Exchange.

# APPENDIX V

## SUB-DELEGATES

Country	Sub Delegate
Argentina	HSBC Bank Argentina S.A.
Australia	HSBC Bank Australia Ltd
Austria	HSBC Continental Europe S.A., Germany
Bahrain	HSBC Bank Middle East Ltd
Bangladesh	The Hongkong and Shanghai Banking Corporation Ltd (Bangladesh)
Belgium	BNP Paribas Securities Services
Belgium	Euroclear Bank S.A./N.V.
Benin	Societe Generale Cote d'Ivoire
Botswana	Standard Chartered Bank Botswana Ltd
Brazil	Banco BNP Paribas Brasil S.A.
Bulgaria	UniCredit Bulbank AD
Burkina Faso	Societe Generale Cote d'Ivoire
Canada	Royal Bank of Canada
Chile	Banco Santander Chile
China	Citibank (China) Co Ltd
China	HSBC Bank (China) Ltd
Colombia	Santander CACEIS Colombia S.A., Sociedad Fiduciaria
Costa Rica	Banco Nacional de Costa Rica
Cote d'Ivoire	Societe Generale Cote d'Ivoire
Croatia	Privredna Banka Zagreb d.d.
Cyprus	Santander CACEIS Colombia S.A., Sociedad Fiduciaria
Czech Republic	Ceskoslovenska obchodni banka, a. s.
Denmark	Skandinaviska Enskilda Banken AB
Egypt	HSBC Bank Egypt Ltd
Estonia	SEB Pank
Finland	Skandinaviska Enskilda Banken AB
France	CACEIS Bank
Germany	HSBC Continental Europe S.A., Germany
Ghana	Standard Chartered Bank Ghana Ltd
Ghana	Stanbic Bank Ghana Ltd
Greece	BNP Paribas S.A Athens branch
Hong Kong	The Hongkong & Shanghai Banking Corporation Ltd (CNC) (HK)
Hungary	Unicredit Bank Hungary Zrt
India	The Hongkong and Shanghai Banking Corporation Ltd (India)
Indonesia	PT Bank HSBC Indonesia
Ireland	HSBC Bank Plc (Ireland)
Israel	Bank Leumi Le-Israel BM
Italy	BNP Paribas Securities Services
Japan	The Hongkong and Shanghai Banking Corporation Ltd (Japan)
Jordan	Bank of Jordan plc
Kenya	Stanbic Bank Kenya Limited

Kenya	Standard Chartered Bank Kenya Ltd
Kuwait	HSBC Bank Middle East Ltd (Kuwait)
Latvia	AS SEB Banka
Lithuania	AS SEB bankas
Luxembourg	Clearstream Banking SA
Malaysia	HSBC Bank Malaysia Berhad
Mali	Societe Generale Cote d'Ivoire
Mauritius	The Hongkong and Shanghai Banking Corporation Ltd (Mauritius)
Mexico	HSBC Mexico, SA
Morocco	Citibank Maghreb
Netherlands	BNP Paribas Securities Services (Netherlands)
New Zealand	The Hongkong and Shanghai Banking Corporation Ltd (New Zealand)
Niger	Societe Generale Cote d'Ivoire
Nigeria	Stanbic IBTC Bank plc
Norway	Skandinaviska Enskilda Banken AB
Oman	HSBC Bank Oman S.A.O.G.
Pakistan	Citibank NA
Palestine	Bank of Jordan Plc
Peru	Citibank del Peru S.A.
Philippines	The Hongkong and Shanghai Banking Corporation Ltd (Philippines)
Poland	Bank Polska Kasa Opieki SA
Poland	Societe General SA, Polish Branch
Portugal	BNP Paribas Securities Services
Qatar	HSBC Bank Middle East Ltd
Romania	Citibank Europe plc, Romania branch
Russia	Rosbank
Saudi Arabia	HSBC Saudi Arabia Ltd
Senegal	Societe Generale Cote d'Ivoire
Serbia	Unicredit Bank Srbija a.d.
Singapore	The Hongkong and Shanghai Banking Corporation Ltd (Singapore)
Slovakia	Ceskoslovenska obchodni banka, a. s
Slovenia	Unicredit Banka Slovenija DD
South Africa	Standard Bank of South Africa Ltd
South Korea	The Hongkong and Shanghai Banking Corporation Ltd (South Korea)
Spain	BNP Paribas Securities Services
Sri Lanka	The Hongkong and Shanghai Banking Corporation Ltd (Sri Lanka)
Sweden	Skandinaviska Enskilda Banken AB
Switzerland	Credit Suisse (Switzerland) Ltd
Taiwan	HSBC Bank (Taiwan) Ltd
Tanzania	Standard Chartered Bank (Mauritius) Ltd
Thailand	The Hongkong and Shanghai Banking Corporation Ltd (Thailand)
Togo	Societe Generale Cote d'Ivoire
Tunisia	Union Internationale de Banque SA
Turkey	Turk Ekonomi Bankasi A.S.
Uganda	Standard Chartered (Uganda) Ltd
Uganda	Standard Chartered (Uganda) Ltd
United Arab Emirates	HSBC Bank Middle East Ltd
United Kingdom	HSBC Bank Plc (UK)
United States	HSBC Bank (USA) NA
Vietnam	HSBC Bank (Vietnam) Limited

Zambia	Standard Chartered Bank (Zambia) Plc
Zambia	Standard Chartered Bank (Zambia) Plc
Zimbabwe	Standard Bank of South Africa Limited