

# HSBC ISLAMIC FUNDS

FCA PRN 191727

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*HSBC Islamic Funds is a société d'investissement à capital variable with segregated liability between sub-funds formed in Luxembourg under the Luxembourg law of 17 December 2010 on undertakings for collective investment.*

## UK COUNTRY SUPPLEMENT ADDITIONAL INFORMATION FOR INVESTORS IN THE UNITED KINGDOM

29 July 2025

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This UK Country Supplement (the **"Supplement"**) contains information specific to investors in the United Kingdom regarding the **HSBC Islamic Global Equity Index Fund** (the **"Sub-Fund"**), a sub-fund of **HSBC Islamic Funds** (the **"Company"**). It forms part of and must be read in conjunction with the prospectus of the Company dated December 2024 as amended and supplemented from time to time (the **"Prospectus"**), as well as the Key Investor Information Documents (**"KIIDs"**).

Shareholders in the UK should read the information contained in this Supplement in conjunction with the Prospectus. However, Shareholders should note that the information contained in this Supplement updates and therefore takes precedence over the information contained in the "Withdrawal of the UK from the EU" under section 2.7, "Subscription of Shares" under section 3.2 and the "Representative and Distributor in the United Kingdom" under section 3.12 of the Prospectus.

The "Withdrawal of the UK from the EU" section of the Prospectus indicates that the Company and the Sub-Fund are recognised in the UK under the Temporary Marketing Permission Regime (**"TMPR"**) and will require authorisation to continue to market in the UK via the Overseas Funds Regime (**"OFR"**). The Company confirms that at the date of this Supplement, the Sub-Fund is a recognised scheme under the OFR.

All capitalised terms used herein shall have the same meaning in this Supplement as in the Prospectus, unless otherwise indicated.

### 1. Recognised Scheme

The Sub-Fund is recognised under the OFR as an Overseas Funds Regime Recognised Scheme (**"OFR Recognised Scheme"**) under section 271A (Schemes authorised in approved countries) of the Financial Services and Markets Act, as amended (**"FSMA"**).

### 2. The Management Company

Further to Section 3.10 of the Prospectus (*Management Company and Investment Advice*), the Management Company acts as the management company for the following other regulated collective investment schemes: HSBC ETFs plc, HSBC Global Investment Funds, HSBC Portfolios, HSBC Global Funds ICAV, HSBC Global Funds II ICAV, HSBC Global Liquidity Funds plc and HSBC UCITS AdvantEdge plc. Certain sub-funds of these regulated collective investment schemes are recognised schemes under the OFR, further details of which can be found on the Financial Conduct Authority's (**"FCA"**) Register, available here: <https://register.fca.org.uk/s/fund-search>.

### 3. Details of the Investment Adviser

Details of the Investment Adviser of the Sub-Fund can be found in Section 4 of the Prospectus (*Sub-Fund information*). The Investment Adviser's principal activity is the provision of collective portfolio management services.

The Investment Advisory Agreement entered into between the Company, the Management Company and the Investment Adviser (the **"Investment Advisory Agreement"**) may be terminated at any time by one party giving not less than three months' prior written notice to the other parties or unilaterally with immediate effect by the Management Company at any time where the interests of Shareholders so require.

### 4. UK Facilities

The Management Company has appointed HSBC Global Asset Management (UK) Limited, having its business offices at 8 Canada Square, London, E14 5HQ, United Kingdom (the **"UK Representative"**) to maintain the facilities required of the operator of a recognised scheme pursuant to the rules contained in the Collective Investment Schemes Sourcebook published by the FCA as part of the FCA's Handbook of Rules and Guidance.

Such facilities will be located at 8 Canada Square, London, E14 5HQ, United Kingdom, with the exception of facilities to submit orders to subscribe for and redeem units in the Sub-Fund, which are provided by the Management Company through an electronic medium.

### 5. Complaints and Compensation

UK investors should be aware that if they invest in the Company, they may not be able to refer a complaint against the Management Company or the Depositary to the UK's Financial Ombudsman Service. Any claims for losses relating to the Management Company or the Depositary will not be covered by the Financial Services Compensation Scheme, in the event that either party should become unable to meet its liabilities to investors.

A UK Shareholder will be able to make a complaint to the Company and the Management Company, and all Shareholders will have a right to access the alternative dispute resolution scheme in Luxembourg. A UK Shareholder will not have a right to access a compensation scheme in Luxembourg in the event that either the Management Company or the Depositary should become unable to meet its liabilities to Shareholders.

UK investors may contact the UK Representative which will provide details on request of how to make a complaint, and what rights, if any, are available to them under an alternative dispute resolution scheme or a compensation scheme.

### 6. Profile of a Typical Investor

Typical investors in the Sub-Fund are expected to be retail and institutional investors seeking returns over the medium to long term (minimum 5 years) and an investment where a high proportion of the assets are invested in equity securities in a Shariah-compliant portfolio.

### 7. Subscriptions in the UK

Shareholders in the UK shall have no right (under the FCA's Conduct of Business Sourcebook, section 15.2) to cancel or withdraw an offer to enter into the investment agreement constituted by the acceptance by or on behalf of the Company of an application for Shares.

### 8. Eligible Markets

The Sub-Fund may invest or deal in markets in the US, Europe and Asia/Pacific in order to track the constituents of the Dow Jones Islamic Market Titans 100 Index.

## 9. Historical Performance

The historical performance of the Sub-Fund is detailed in the relevant KIIDs of the Sub-Fund, available upon request from the UK Representative and at this link: <https://www.assetmanagement.hsbc.co.uk/en/>.

## 10. Transfer of Shares

A transfer of title by a Shareholder to another person by electronic communication will not be accepted.

## 11. Pricing Basis

Further to Section 3.6 of the Prospectus (*Prices of Shares*), the Management Company deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after the subscription or redemption is deemed to be accepted.

Shares are single priced, meaning that there must be only a single Net Asset Value for any Share as determined from time to time by reference to a particular Valuation Point.

## 12. Anti-Dilution Mechanisms

Dilution occurs where a Sub-Fund suffers a reduction in value when trading the underlying investments as a result of net inflows or net outflows of a Sub-Fund. This is due to transaction charges and other costs that may be incurred by buying and selling the underlying assets and the spreads between the buying and selling prices. As dilution is directly related to the inflows and outflows of monies in the Sub-Fund, it is not possible to predict accurately whether dilution will occur at any point in time.

Further to Section 3.7 of the Prospectus (*Anti-Dilution Mechanisms*), to mitigate the dilutive effect of such transactions on the future growth of the Sub-Fund, the Management Company may impose a pricing adjustment. The application of the pricing adjustment is intended only to protect the remaining Unitholders in the Fund and is not for the benefit of the Management Company or any other parties.

The Management Company made 101 pricing adjustments to the NAV of the Sub-Fund in the year to 31 December 2024.

## 13. UK's Sustainable Disclosure Regime

The Sub-Fund is based overseas and is not subject to UK sustainable investment labelling and disclosure requirements.

## 14. Service of Notice and Documents

Where required by the applicable regulations to serve notice upon Shareholders, the Board of Directors of the Company will write to Shareholders at their registered postal or e-mail address and a copy will be available at [www.assetmanagement.hsbc.co.uk/en/](https://www.assetmanagement.hsbc.co.uk/en/). UK investors can also request a copy of such notice from the UK Representative.

Other changes to the Sub-Fund may be notified to Shareholders either in the manner stated above or through inclusion in the Company's next annual report.

## 15. United Kingdom Taxation

It is the intention of the Board of Directors to conduct the affairs of the Company so that it does not become resident in the United Kingdom. On the basis that the Company is not resident in the United Kingdom for tax purposes, it should not be subject to United Kingdom corporation tax on its income and capital gains.

It is the intention of the Company that the assets held by the sub-funds will generally be held for investment purposes and not for the purposes of trading.

Shareholders who are resident in the United Kingdom or carrying on a trade in the United Kingdom will, depending on their individual circumstances, be liable to United Kingdom Income Tax or Corporation Tax in respect of any income allocated or dividends paid to them whether directly or by way of reinvestment of income and on capital gains and such shareholders should include details of this income on an appropriate return to their local Inspector of Taxes.

Shareholders should note that distributions paid by the Company comprise foreign distributions for UK tax purposes.

Shareholders who are individuals resident in the UK for taxation purposes ("UK resident individuals") will be liable to UK income tax on any distributions received from their Shares in the Company, even if they elect for such distributions to be reinvested. From 6 April 2016, there is no longer a notional 10% tax credit on dividend distributions.

The attention of UK resident individuals is drawn to sections 714 to 751 of the Income Tax Act 2007, which contains provisions for preventing avoidance of income tax by transactions resulting in the transfer of income to persons (including companies) abroad and may render them liable to taxation in respect of undistributed income and profits of the Company.

The provisions of section 13 TCGA 1992 may apply to a holding in the Company. Where at least 50% of the Shares are held by five or fewer participators, then any UK person who (together with connected parties) holds more than 25% of the Shares may be taxed upon his proportion of the chargeable gain realised by the Fund as calculated for UK tax purposes.

Shareholders, who are companies, tax resident in the United Kingdom ("UK Corporate Shareholder") and whose investment in the sub-funds is not made in connection with or incidental to a trade (for UK tax purposes), should not be liable to corporation tax in relation to any dividends paid to them provided that the investment in the sub-fund concerned is not taxed under the loan relationship provisions mentioned below.

A UK Corporate Shareholder may be subject to tax under the loan relationship provisions of United Kingdom tax legislation when more than 60% of the investments of the sub-fund (in which the Shares are held) broadly comprise of assets in interest bearing (or economically similar) form. Under these provisions the change in value of the Shares in that sub-fund during the corporate's accounting period will be taxed as part of the corporate's income for that accounting period the change in value being assessed on a fair value basis.

UK Corporate Shareholders should 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. A non-UK resident company is controlled by persons (whether companies, individuals or others) who are resident in the UK for taxation purposes or is controlled by two persons taken together, one of whom is resident in the UK for tax purposes and has at least 40 per cent of the interests, rights and powers by which those persons control the non-UK resident company, and the other of whom has at least 40 per cent and not more than 55 per cent of such interests, rights and powers. The effect of these provisions could be to render such Shareholders liable to UK corporation tax in respect of the income of the sub-fund.

#### ◆ UK Reporting Funds

Each class of Shares will constitute an "offshore fund" for the purposes of the offshore fund legislation contained in Chapter 8 of the Taxation (International and Other Provisions) Act 2010 ("TIOPA"). Chapter 8 of TIOPA and Statutory Instrument 2009/3001 (the "Offshore Funds regulations") provides that if an investor who is resident in the United Kingdom for taxation purposes disposes of a holding in an offshore entity that constitutes an "offshore fund" and that offshore fund does not qualify as a Reporting Fund throughout the period during which the investor holds that

interest, any gain accruing to the investor upon the sale, redemption or other disposal of that interest (including a deemed disposal on death) will be taxed at the time of such sale, redemption or other disposal as income ("offshore income gains") and not as a capital gain.

These provisions do not apply if the Company (generally or in respect of the relevant share classes) successfully applies for reporting fund status and retains such status throughout the period during which the Shares are held. In order for a class to qualify as a reporting fund, the Company must apply to HM Revenue & Customs ("HMRC") for entry of the relevant share classes into the regime ("Reporting Fund"). For each accounting period, it must then report to investors reportable income attributable to the relevant classes, that report being made within six months of the end of the relevant accounting period.

Under the offshore fund rules, investors in Reporting Funds are subject to tax on their share of the Reporting Fund's income for an accounting period, whether or not the income is actually distributed to them. The amount taxable per Share will be the total reportable income (adjusted by any qualifying equalisation) for the period, divided by the relevant Shares in issue at the end of that period. UK resident holders of Accumulation Share Classes should therefore be aware that they will be required to account for and pay tax on income which has been reported to them in respect of their holdings on an annual basis through their tax return, even though such income has not been distributed to them.

Shareholders holding shares in a non-reporting offshore fund which converts to a reporting status fund can elect to make a deemed disposal on the time of conversion. Such an election would crystallise any gains accrued to that date and would be subject to income tax. Gains which then accrue after the deemed disposal date would be treated as capital gains. The election must be made by the shareholder on their UK tax return for the year in which the deemed disposal occurs. If an election is not made, the entire gain will be taxed as income on the eventual disposal of their investment.

The majority of Shares in the Company are managed with a view to them qualifying as Reporting Funds for UK taxation purposes, and accordingly any capital gain on disposal of Shares in the Company should not be reclassified as an income gain under the UK's offshore fund rules. A full list of reporting Share Classes is available from the Management Company on request. A list of Reporting Funds and their certification dates is published on the HMRC webpage: <https://www.gov.uk/government/publications/offshore-funds-list-of-reporting-funds>.

In accordance with the Offshore Funds legislation, the Company intends to meet the reporting requirements by making available to Shareholders the information required in The Offshore Funds (Tax) Regulations 2009 within 6 months of the Company's year end at [www.assetmanagement.hsbc.com/fundinfo](http://www.assetmanagement.hsbc.com/fundinfo). Alternatively, Shareholders may if they so require, request a hard copy of the reporting fund data for any given year. Such requests must be made in writing to the registered address of the Global Distributor.

It is the Investor's responsibility to calculate and report their respective total reportable income to HMRC based on the number of Shares held at the end of the reporting period. In addition to reportable income attributable to each Fund Share, the report will include information on amounts distributed per Share and the dates of distributions in respect of the reporting period.

However, Shareholders and potential shareholders should note that whether UK reporting fund status is obtained and retained for a particular Share Class may be subject to changes in HM Revenue and Customs' practice or other matters outside of the Company's control.

#### ◆ Genuine Diversity of Ownership

Chapter 6 of Part 3 of the Offshore Funds regulations provides that specified transactions carried out by a UCITS fund, such as the Company, will not generally be treated as trading transactions for the purposes of calculating the reportable income of reporting funds that meet a genuine diversity of ownership condition. The Directors confirm that all classes registered for reporting fund status are primarily intended for and marketed to retail and institutional investors.

For the purposes of the applicable regulations, the Directors undertake that all such classes in the Company will be widely available and will be marketed and made available sufficiently widely to reach the intended category of investors and in a manner appropriate to attract those kinds of investors.