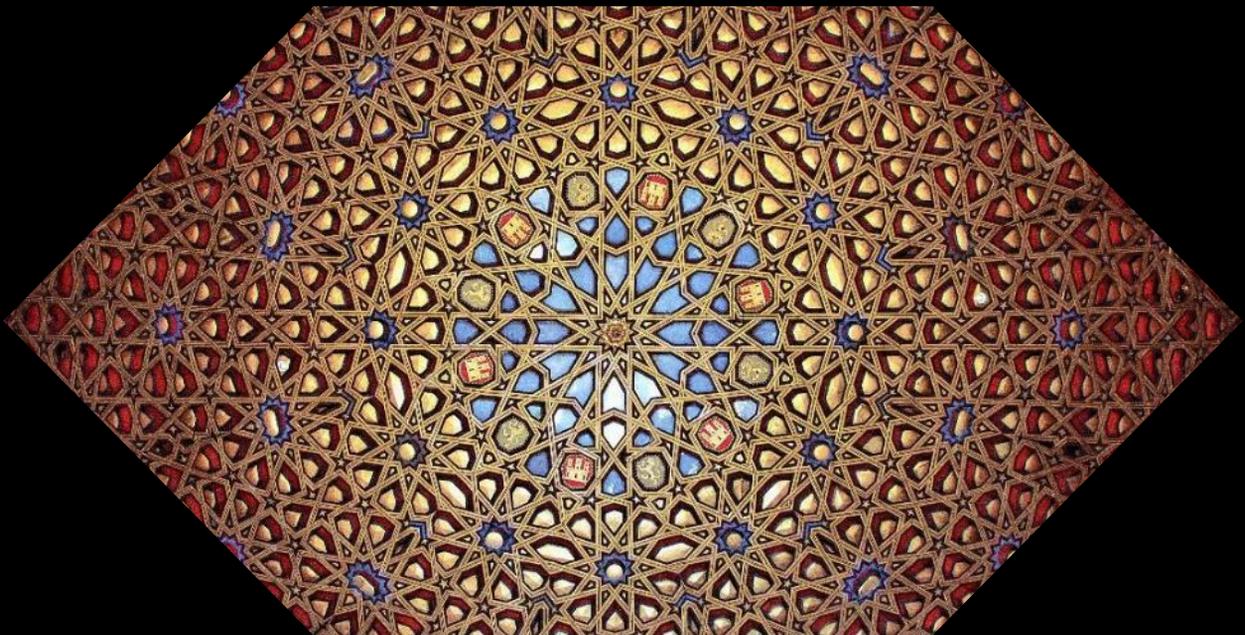


Islamic Investments

January 2025

Article 6 and 8 of the EU SFDR*

For Professional Clients only



*SFDR = Sustainable Finance Disclosure Regulation. Classified Article 8.
Article 8 SFDR: The product promotes environmental or social characteristics, or a combination of those characteristics, provided to invest in the promoted fund should take into account all the characteristics or objectives of the promoted fund as described in its prospectus. More information on our 'Responsible Investment' Policy and 'Implementation Procedures' can be found on our website.

Creating Islamic Investment Products

We have created a comprehensive suite of Islamic investment products for faith-based investors that want to create Shariah compliant portfolios.

Designing Shariah compliant investment products is a delicate task which requires expertise and a detailed understanding of Shariah law.

There are important choices to be made which are subject to careful interpretation of Shariah law. Islamic investing emphasises ethical and socially responsible investments, aligning financial goals with moral and ethical values.

HSBC is proud of its long-term commitment to serving Islamic investors worldwide. For this we rely on the expertise of our Global Shariah Supervisory Committee, consisting of Shariah scholars who are experts in Shariah law as applied to finance.

Islamic Investment Principles in Practice

From an Islamic perspective, money is viewed not as an end in itself, but as a facilitator of productive activity. Money should be used to promote business and maximise welfare for the largest number of people possible.

Major principles of Islamic finance differ from conventional finance. Shariah law allows investment in company shares as long as those companies do not materially engage in activities which are forbidden by Shariah such as charging interest (Riba) or introducing unnecessary uncertainty.

The prohibition of interest (Riba), arises out of a perspective that in a creditor-debtor transaction, there is 'injustice' because the creditor is assured of a positive return (interest) without doing any work or sharing any risks while the debtor (entrepreneur) is not assured of any returns and, in fact, is exposed to potential loss. Part of the underlying rationale for prohibiting interest in Islamic financial transactions is to discourage the concentration of wealth in a few hands and prevent greater inequality in society.

Building Trust

Ensuring our products are Shariah compliant at all times is of paramount importance. Key features of our Islamic investment products include:

- ◆ Diligent oversight by a team of renowned Shariah scholars
- ◆ Our products are designed to meet AAOIFI standards
- ◆ We apply an income purification process to ensure that we offset any negatives from Shariah non-compliant activities of firms we invest in
- ◆ We have created a comprehensive suite of Islamic investment building blocks to enable us to build Shariah compliant multi-asset portfolios
- ◆ We have incorporated ESG screens within our Islamic country and regional ETFs to complement the Shariah screening

Source: HSBC Asset Management, December 2024

It is important to note that the Shariah investment restrictions placed on the investments in the HSBC Islamic Funds may result in the funds performing less well than funds with similar objectives which are not subject to these restrictions



Serving Islamic Investors

In 2004, we launched the HSBC Islamic Global Equity Index Fund as a passive offering, tracking the Dow Jones Islamic Market Titans 100 Index. The index consists of the 100 largest stocks globally which have passed rules-based screens for Shariah compliance.

The Dow Jones Islamic Market Titans 100 index is part of the Islamic Market Index family which was created for Shariah compliant investment seeking investors.

The journey started there but today, HSBC Asset Management has built on that legacy, and we are proud to offer a broad range of Shariah compliant passive investment products.

A Global Shariah Supervisory Committee

Our independent Global Shariah Supervisory Committee, "Shariah Committee" monitor all our Islamic Funds throughout the year.

To ensure compliance with Shariah principles at all times, they issue an annual Shariah certificate or "Fatwa", to confirm continual checks have been carried out.

The Shariah Committee conduct the following to ensure continual Shariah compliance of our Funds:

Study of the prospectus, investment objectives and policies

Use of Investment Techniques and Instruments

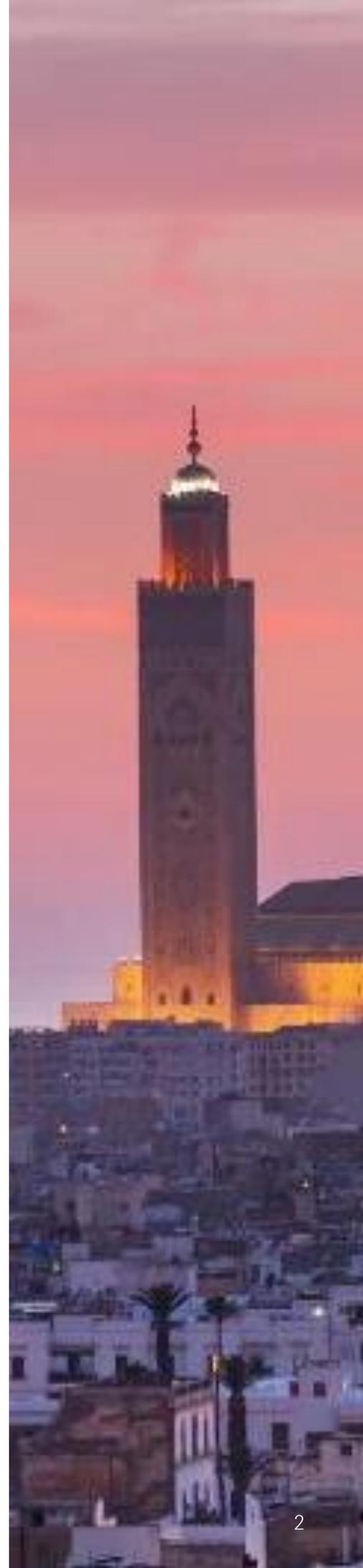
Advising the Board of Directors regarding compliance with Shariah principles

Establishing principles for calculating an appropriate percentage of impure income

Approving proposals for the nomination of suitable charities to which the impure income will be donated

Preparing an annual certificate of the fund's compliance with Shariah principles for inclusion in the financial reports

Shariah compliance is vital to maintain the quality of our business & our customers' trust



Islamic Investment Range

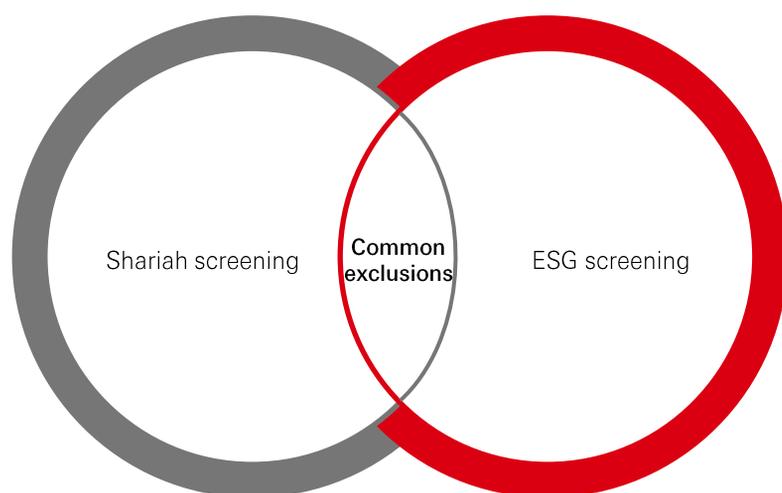
1. Country and Regional Islamic Equity ETFs With An ESG Layer

We have looked in depth at Shariah investment principles and the overlap with Responsible Investing. We are the **first asset manager to combine ESG and Shariah screening**¹ in a harmonious way without impacting any core Islamic investment principles.

Our Islamic ESG ETFs provide investors with specific geographic exposure whilst integrating ESG screening within Islamic versions of standard equity market cap indices.

Islamic & ESG Screening Overlap

In practice there is significant overlap between faith-based ethical investing and sustainable or ESG-focused investing. In both instances, companies are screened, often in a similar way, to identify those companies which are less beneficial, or in some instances more harmful to society through some part of their commercial activity.



Source: MSCI, HSBC Asset Management, June 2024.

Note: There is some overlap between the Islamic Screen and the Norms based exclusionary filter, however revenue thresholds for exclusion may differ.

2. Islamic Listed Real Estate & REIT ETF

Our HSBC FTSE EPRA Nareit Developed Islamic UCITS ETF enables investors to access Shariah compliant real estate investment trusts and real estate companies and helps bridge the gap between conventional and Islamic real estate investments.

Financial & Business Activity Screening

Real estate is a unique asset class, our approach screens the listed equity but also goes a step further to screen the underlying tenant. Investment is not allowed in REITs generating income through tenants operating in non-permissible business areas or with those with financial ratios which are not compliant with Shariah investment principles.

Ideal Ratings in partnership with FTSE provide the screening of business and financial activities. Leveraging IdealRatings expertise, provides the Index with a robust framework for evaluating and selecting real estate assets that meet the Islamic investment practices.

1. ETF Book as of November 2023 This information shouldn't be considered as a recommendation to invest in the funds shown.



Islamic Investment Range

3. Investment Grade Sukuk Index Fund

To complement our Islamic equity fund range, we have developed the first passive Sukuk offering, aimed primarily at abiding by the Islamic finance principle of Riba.

The fund aims to track the performance of the FTSE IdealRatings Sukuk Index, providing investors with broad based exposure to Sukuk markets across geographies and fixed income sub-asset classes, ensuring diversification and a broad investment grade risk return profile.

Importantly, to offer an added layer of reassurance, the index has been designed to screen Sukuk structures across a range of different criteria to ensure only the securities that meet the highest standards are eligible for inclusion.

4. An All-in-one Shariah Multi-Asset Solution

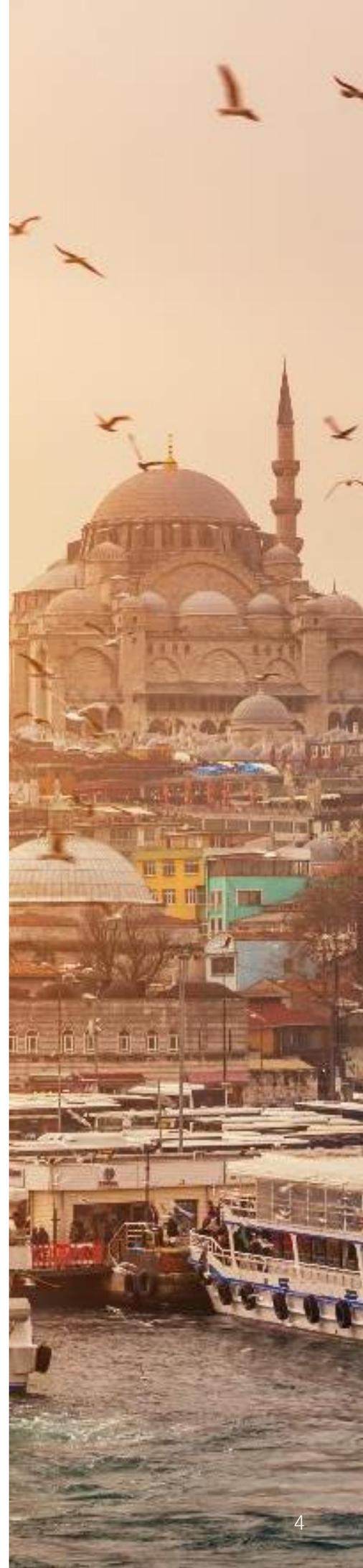
Combining our established Islamic finance expertise with our strong multi-asset philosophy and investment expertise, we have utilised the building blocks described above to create an innovative Shariah Multi Asset Fund.

The Fund offers global diversification and robust risk management across a range of asset classes – equities, listed real estate, Sukuk bonds, gold and cash.

Key features include:

- ◆ Actively managed to a Strategic Asset Allocation benchmark
- ◆ Multi-asset investment process with Shariah compliant implementation
- ◆ All holdings are approved by our established Shariah committee
- ◆ The fund meets the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) standards
- ◆ Internally managed income purification process within the fund offering extra peace of mind

Our multi-asset fund range has multiple appeal to many investor types and is the first of its kind with such wide appeal.



Overview of our Islamic Investments

ETF Range

- 1 | HSBC MSCI USA Islamic ESG UCITS ETF (TER 0.30%)
MSCI USA Islamic ESG Universal Screened Index
- 2 | HSBC MSCI World Islamic ESG UCITS ETF (TER 0.30%)
MSCI World Islamic ESG Universal Screened Index
- 3 | HSBC MSCI Europe Islamic ESG UCITS ETF (TER 0.30%)
MSCI Europe Islamic ESG Universal Screened Index
- 4 | HSBC MSCI Emerging Markets Islamic ESG UCITS ETF (TER 0.35%)
MSCI Emerging Markets Islamic ESG Universal Screened Select Capped Index
- 5 | HSBC MSCI Japan Islamic ESG UCITS ETF (TER 0.30%)
MSCI Japan Islamic ESG Universal Screened Index
- 6 | HSBC FTSE EPRA Nareit Developed Islamic UCITS ETF (TER 0.35%)
FTSE EPRA Nareit IdealRatings Developed Islamic Index

Index Fund Range

- 1 | HSBC Islamic Global Equity Index Fund
Dow Jones Islamic Market Titans 100 Index
- 2 | HSBC Global Funds ICAV - Global Sukuk UCITS ETF
FTSE IdealRatings Sukuk Index

Active Fund Range

- 1 | HSBC Global Funds ICAV – Shariah Multi-Asset Fund

Source: HSBC Asset Management, December 2024

This information shouldn't be considered as a recommendation to invest in the funds shown. It is important to note that the Shariah investment restrictions placed on the investments in the HSBC Islamic Funds may result in the funds performing less well than funds with similar objectives which are not subject to these restrictions



Key risks

The value of an investment in the portfolios and any income from them can go down as well as up and as with any investment you may not receive back the amount originally invested.

- ◆ **Callable Bond Risk** Any unexpected behaviour in interest rates could negatively impact the performance of callable debt securities (securities whose issuers have the right to pay off the security's principal before the maturity date).
- ◆ **Counterparty Risk** The possibility that the counterparty to a transaction may be unwilling or unable to meet its obligations.
- ◆ **Credit Risk** A bond or money market security could lose value if the issuer's financial health deteriorates.
- ◆ **Default Risk** The issuers of certain bonds could become unwilling or unable to make payments on their bonds.
- ◆ **Derivatives Risk** Derivatives can behave unexpectedly. The pricing and volatility of many derivatives may diverge from strictly reflecting the pricing or volatility of their underlying reference(s), instrument or asset.
- ◆ **Emerging Markets Risk** Emerging markets are less established, and often more volatile, than developed markets and involve higher risks, particularly market, liquidity and currency risks.
- ◆ **Exchange Rate Risk** Changes in currency exchange rates could reduce or increase investment gains or investment losses, in some cases significantly.
- ◆ **Index Tracking Risk** To the extent that the Fund seeks to replicate index performance by holding individual securities, there is no guarantee that its composition or performance will exactly match that of the target index at any given time ("tracking error").
- ◆ **Interest Rate Risk** When interest rates rise, bond values generally fall. This risk is generally greater the longer the maturity of a bond investment and the higher its credit quality.
- ◆ **Investment Leverage Risk** Investment Leverage occurs when the economic exposure is greater than the amount invested, such as when derivatives are used. A Fund that employs leverage may experience greater gains and/or losses due to the amplification effect from a movement in the price of the reference source.
- ◆ **Liquidity Risk** is the risk that a Fund may encounter difficulties meeting its obligations in respect of financial liabilities that are settled by delivering cash or other financial assets, thereby compromising existing or remaining investors.
- ◆ **Operational Risk** Operational risks may subject the Fund to errors affecting transactions, valuation, accounting, and financial reporting, among other things.
- ◆ **Sustainability Risk:** Sustainability risk means 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 investment.

Further information on the potential risks can be found in the Key Investor Information Document (KIID) and/or the Prospectus or Offering Memorandum

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HSBC ICAV Global Funds are sub-funds of HSBC Global Funds ICAV, an open-ended Irish Collective Asset-Management Vehicle which is constituted as an umbrella fund with segregated liability between sub-funds and with variable capital. This information does not constitute an offer or solicitation to buy shares in the Fund. Access to the information contained on this is restricted to persons who are residents of jurisdictions in which the distribution and the offering of shares in the Fund is authorised by the laws of the particular jurisdiction. The information contained herein is not for distribution to and does not constitute an offer to sell or solicitation of any offer to buy any securities in the United States of America to or for the benefit of any United States person(s). This material is not a solicitation, an offer, a recommendation or advice to buy or sell investment products, or to engage in other transactions. It explicitly does not take account the investment objectives, knowledge, experience or financial situation of any person. You should not act upon this information in any way and you are advised to obtain professional advice which does take account of your particular circumstances. **You should carefully read the Fund's Prospectus and Key Investor Information Document (the "KIID"), as well as consult with your advisers before making a decision to buy Fund shares. Investing in the Fund involves risk, including without limitation risk of total investment loss and other risks noted in the Fund's Prospectus and KIID.**

Important information

The HSBC UCITS Common Contractual Fund is an Open-Ended Umbrella Common Contractual Fund established under the laws of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended). There can be no guarantee that the CCF or any of its Funds investment objectives will be achieved and investment results may vary substantially over time. Prospective Unit holders should carefully consider whether an investment in Units is suitable for them in light of their circumstances and financial resources and should carefully review the Prospectus and the relevant Supplement, including the sections entitled "Risk Factors" and "Portfolio Transaction and Conflicts of Interest", before investing in the CCF. NATURAL PERSONS MAY NOT BE UNITHOLDERS IN THE CCF OR ANY OF ITS FUNDS. Investors and potential investors should read and note the risk warnings in the prospectus and relevant KIID. and additionally, in the case of retail clients, the information contained in the supporting SID.

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The value of the underlying assets is strongly affected by interest rate fluctuations and by changes in the credit ratings of the underlying issuer of the assets. The sub-fund can invest in sub investment grade bonds, which may produce a higher level of income than investment grade bonds, but carry increased risk of default on repayment.

The performance of bonds, gilts and other fixed interest securities tends to be less volatile than those of shares of companies (equities). However there is a risk that both the relative yield and the capital value of these may be reduced if interest rates go up. Income offered by bonds often reflects, in part, the risk rating of the issuer. The underlying funds can invest in sub investment grade bonds, which may produce a higher level of income than investment grade bonds, but carry increased risk of default on repayment. This may affect the level of income the investor receives and/or the capital value of their investment. The level of yields is not guaranteed and may rise or fall in the future.

Detailed information for article 8 and 9 sustainable investment products, as categorised under the Sustainable Finance Disclosure Regulation (SFDR), including; description of the environmental or social characteristics or the sustainable investment objective; methodologies used to assess, measure and monitor the environmental or social characteristics and the impact of the selected sustainable investments and; objectives and benchmark information, can be found at: <https://www.assetmanagement.hsbc.co.uk/en/intermediary/investment-expertise/sustainable-investments/sustainable-investment-product-offering>.

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