UCITS covered by the European Directive 2009/65/EC

PROSPECTUS

I. General characteristics

▶ **Corporate name:**

HSBC RESPONSIBLE INVESTMENT FUNDS

▶ **Legal form and Member State in which the UCITS was established:**

Open-ended investment company (SICAV) with sub-funds governed by French law.

Company address: Cœur Défense – 110 esplanade du Général de Gaulle – La Défense 4 – 92800 Courbevoie

SICAV authorised under the Nanterre Trade and Companies Register under number 682 002 134 and under SIRET No. 682 002 134 00026

By the French Financial Markets Authority (AMF) on 11 October 1998

▶ **Date of creation and expected duration:**

The SICAV was created on 2 December 1968 for a term of 99 years.

The following sub-funds were created on 12 July 2019 by merger of the following mutual funds:

- **HSBC EUROPE EQUITY GREEN TRANSITION** established on 22 March 2002, which became the HSBC RESPONSIBLE INVESTMENT FUNDS – EUROPE EQUITY GREEN TRANSITION sub-fund

- **HSBC SRI GLOBAL EQUITY** established on 19 November 1999, which became the HSBC RESPONSIBLE INVESTMENT FUNDS – SRI GLOBAL EQUITY sub-fund

- **HSBC SRI EUROLAND EQUITY** established on 29 December 1995, which became the HSBC RESPONSIBLE INVESTMENT FUNDS - SRI EUROLAND EQUITY sub-fund

- **HSBC SRI EURO BOND** established on 12 March 2004, which became the HSBC RESPONSIBLE INVESTMENT FUNDS - SRI EURO BOND sub-fund

The following sub-funds were created on 30 September 2019:

- **HSBC RESPONSIBLE INVESTMENT FUNDS - SRI MODERATE**

- **HSBC RESPONSIBLE INVESTMENT FUNDS - SRI BALANCED**

- **HSBC RESPONSIBLE INVESTMENT FUNDS - SRI DYNAMIC**

▶ **Summary of the management offer:**

- **HSBC Responsible Investment Funds - Europe Equity Green Transition:**

Type of shares	ISIN codes	Appropriation of distributable amounts	Currency of denomination	Minimum initial subscription amount	Subscribers concerned
AC	FR0000982449	Accumulation	EUR	1 thousandth of a share	All subscribers

AD	FR0000982456	Net income: distribution Net realised capital gains: Accumulation and/or distribution, upon decision of the management company each year	EUR	1 thousandth of a share	All subscribers
IC	FR0011235340	Accumulation	EUR	€100,000*	All subscribers, especially institutional investors
ID	FR0013476181	Net income: distribution Net realised capital gains: Accumulation and/or distribution, upon decision of the management company each year	EUR	€100,000*	All subscribers, especially institutional investors
K C-D	FR0012114239	Net income and net realised capital gains: Accumulation and/or distribution, upon decision of the management company each year	EUR	€1,000,000	Reserved for HSBC Assurances-Vie (France)
SC	FR0014004XN1	Accumulation	EUR	€25,000,000	All subscribers, especially institutional investors
ZC	FR0013437183	Accumulation	EUR	1 thousandth of a share	Reserved for UCIs and mandates of HSBC Global Asset Management (France)
BC	FR0013287224	Accumulation	EUR	1 thousandth of a share	Subscription to this share is subject to the existence of a specific remuneration agreement between the subscriber and the distributor or portfolio manager

*With the exception of the management company, the minimum of which is one share

- HSBC Responsible Investment Funds - SRI Global Equity:

Type of shares	ISIN codes	Appropriation of distributable amounts	Currency of denomination	Minimum initial subscription amount	Subscribers concerned
AC	FR0000438905	Accumulation	Euro	1 thousandth of a share	All subscribers
IC	FR0010761072	Accumulation	Euro	€100,000	All subscribers but especially for institutional investors
ZC	FR0013076007	Accumulation	Euro	1 thousandth of a share	Reserved for UCIs and mandates of HSBC Global Asset Management (France)
JC	FR0013356722	Accumulation	Euro	1 thousandth of a share	Reserved for mutual funds and mandates of the HSBC Group
BC	FR0013287265	Accumulation	Euro	1 thousandth of a share	Subscription to this share is subject to the existence of a specific remuneration agreement between the subscriber and the distributor or portfolio manager
IT	FR0013325867	Accumulation	Euro	One share	Reserved for the ATFund market (multilateral trading platform - MTF) of the Italian Stock Exchange

- HSBC Responsible Investment Funds - SRI Euroland Equity:

Type of shares	ISIN codes	Appropriation of distributable amounts	Currency of denomination	Minimum initial subscription amount	Subscribers concerned
AC	FR0000437113	Accumulation	Euro	1 thousandth of a share	All subscribers
IC	FR0010250316	Accumulation	Euro	€100,000	All subscribers, especially institutional investors.
ZC	FR0010250324	Accumulation	Euro	1 share	Reserved for UCIs and mandates of HSBC Global Asset Management (France) (excluding feeder investment vehicles and retail alternative investment funds).
BC	FR0013287257	Accumulation	Euro	1 thousandth of a share	Subscription to this share is subject to the existence of a specific remuneration agreement between the subscriber and the distributor or portfolio manager
IT	FR0013234960	Accumulation	Euro	1 share	Reserved for the ATFund market (multilateral trading platform - MTF) of the Italian Stock Exchange
SC	FR0014003KN0	Accumulation	Euro	€30,000,000	All subscribers, especially institutional investors.

- **HSBC Responsible Investment Funds - SRI Euro Bond:**

Type of shares	ISIN codes	Appropriation of distributable amounts	Currency of denomination	Minimum initial subscription amount	Subscribers concerned
AC	FR0010061283	Accumulation	Euro	1 thousandth of a share	All subscribers
AD	FR0011332733	Net income: distribution Net realised capital gains: Accumulation and/or distribution, upon decision of the management company each year	Euro	1 thousandth of a share	All subscribers
IC	FR0010489567	Accumulation	Euro	€100,000*	All subscribers, especially institutional investors
ZC	FR0013015542	Accumulation	Euro	1 thousandth of a share	Reserved for UCIs and mandates of HSBC Global Asset Management (France)
BC	FR0013287232	Accumulation	Euro	1 thousandth of a share	Subscription to this share is subject to the existence of a specific remuneration agreement between the subscriber and the distributor or portfolio manager
IT	FR0013234937	Accumulation	Euro	1 share	Reserved for the ATFund market (multilateral trading platform - MTF) of the Italian Stock Exchange

- **HSBC Responsible Investment Funds - SRI Moderate:**

Type of shares	ISIN codes	Appropriation of distributable amounts	Currency of denomination	Minimum initial subscription amount	Subscribers concerned
AC	FR0013443132	Accumulation	Euro	1 thousandth of a share	All subscribers
IC	FR0013443140	Accumulation	Euro	€100,000	All subscribers, especially institutional investors.
RC	FR0013443157	Accumulation	Euro	1 thousandth of a share	Reserved for UCIs and mandates of HSBC Global Asset Management (France)

- **HSBC Responsible Investment Funds - SRI Balanced:**

Type of shares	ISIN codes	Appropriation of distributable amounts	Currency of denomination	Minimum initial subscription amount	Subscribers concerned
AC	FR0013443181	Accumulation	Euro	1 thousandth of a share	All subscribers
IC	FR0013443199	Accumulation	Euro	€100,000	All subscribers, especially institutional investors.

- **HSBC Responsible Investment Funds - SRI Dynamic:**

Type of shares	ISIN codes	Appropriation of distributable amounts	Currency of denomination	Minimum initial subscription amount	Subscribers concerned
AC	FR0013443165	Accumulation	Euro	1 thousandth of a share	All subscribers
IC	FR0013443173	Accumulation	Euro	€100,000	All subscribers, especially institutional investors.

▶ Indication of where the most recent annual report and interim statement can be obtained:

The SICAV’s articles of association, the latest annual documents and the composition of the assets shall be sent within eight business days upon written request from the shareholder to the financial manager by delegation of the SICAV.

HSBC Global Asset Management (France)
E-mail: *hsbc.client.services-am@hsbc.fr*

II. Stakeholders

▶ **SICAV:**

HSBC Responsible Investment Funds

Company address: Cœur Défense – 110 esplanade du Général de Gaulle – La Défense 4 – 92800 Courbevoie

Composition of the Board of Directors:

Information on the composition of the Board of Directors, as well as the activities carried out by members of the management body when significant in relation to those carried out in the SICAV, is provided in the annual report.
This information is produced under the responsibility of each of the members mentioned.

▶ **Delegated management company (financial manager):**

HSBC Global Asset Management (France)

Company address: Cœur Défense – 110 esplanade du Général de Gaulle – La Défense 4 – 92800 Courbevoie
Portfolio management company approved on 31 July 1999 by the French financial markets authority (AMF) under number GP99026

HSBC Global Management (France) will notably manage the SICAV's financial management, procedures with the AMF, the corporate life of the SICAV and controls.

HSBC Global Asset Management (France) is the delegated management company of the SICAV.

▶ **Depositary and custodian:**

CACEIS Bank

A public limited company (Société Anonyme), a credit institution authorised by the Autorité de Contrôle Prudentiel et de Résolution (French Prudential Supervisory and Resolution Authority), a credit institution providing investment services
Company address: 89-91 rue Gabriel Péri – 92120 Montrouge
Postal address: 12 place des États-Unis - CS 40083 - 92549 Montrouge CEDEX

The depositary's functions cover the duties, as defined by the applicable regulations, the custody of assets, control of the compliance of the management company's decisions and the monitoring of UCITS cash flows.

The depositary is independent of the management company.

Delegatees:

The description of the delegated custody functions, the list of delegates and sub-delegates of CACEIS Bank and information on conflicts of interest that may arise from these delegations are available on the CACEIS website: www.caceis.com

Up-to-date information is made available to investors on request.

▶ **Centralising subscription and redemption orders by delegation of the management company:**

CACEIS Bank

A public limited company (Société Anonyme), a credit institution authorised by the Autorité de Contrôle Prudentiel et de Résolution (French Prudential Supervisory and Resolution Authority), a credit institution providing investment services
Company address: 89-91 rue Gabriel Péri – 92120 Montrouge
Postal address: 12 place des États-Unis - CS 40083 - 92549 Montrouge CEDEX

The depositary is also responsible, by delegation of the management company, for the liabilities management of the SICAV, which covers the centralisation of subscription and redemption orders for the SICAV's shares as well as the management of its share issue account.

▶ **Statutory auditor:**

Ernst & Young et al.

Tour First

TSA 14444

92037 Paris – La Défense Cedex

Represented by Youssef Boujanoui

▶ **Distributor(s):**

HSBC Global Asset Management (France)

Company address: Cœur Défense – 110 esplanade du Général de Gaulle – La Défense 4 – 92800 Courbevoie

▶ **Delegatees:**

Administrative and Accounting Manager

CACEIS Fund Administration
Company address: 89-91 rue Gabriel Péri – 92120 Montrouge
Postal address: 12 place des États-Unis - CS 40083 - 92549 Montrouge CEDEX

CACEIS Fund Administration is a commercial company specialising in UCI accounting, a subsidiary of the CACEIS Group.

CACEIS Fund Administration will notably ensure the valuation of the SICAV as well as the production of periodic documents.

III. Operating and management procedures

3.1 General characteristics:

These general characteristics are provisions common to all of the SICAV's sub-funds.

▶ **Share characteristics**:

Type of rights attached to the shares: each shareholder has a voting right proportional to the number of shares held.

Liabilities are managed by CACEIS Bank

It should be noted that the administration of shares is carried out by Euroclear FRANCE.

Voting rights: as voting rights are attached to the SICAV's shares, the decisions are taken by the Board of Directors of the SICAV under the initiative of the management company.

Form of shares: bearer or registered form according to subscribers' preference. Subscriptions in pure registered form are authorised only upon the prior approval of the management company.

Decimalisation: Subscriptions and redemptions may be made in up to thousandths of shares.

▶ **Closing date**:

Last valuation day of December (closing of the 1st financial year: last trading day of December 1969).

▶ **Information on the tax system:**

The SICAV is not subject to Corporate Tax. According to the principle of transparency, the tax authorities consider that the shareholder directly holds a fraction of the financial instruments and cash held in the SICAV.

The tax regime applicable to the amounts distributed by the SICAV or to unrealised or realised capital gains or losses by the SICAV depends on the tax provisions applicable to the investor. Investors should contact a specialist advisor on this subject.

The following sub-funds are eligible for the PEA:
- HSBC Responsible Investment Funds - Europe Equity Green Transition;
- HSBC Responsible Investment Funds - SRI Euroland Equity;
- HSBC Responsible Investment Funds - SRI Dynamic.

Warning:

Depending on your tax system, any gains and income related to holding shares of the SICAV may be subject to taxation. We recommend that you contact the SICAV's distributor regarding this subject.

Provisional measures prohibiting subscriptions to the SICAV from 12 April 2022:

From 12 April 2022, pursuant to EU regulation no. 833/2014 as amended and EU regulation no. 765/2006 as amended, the subscription of shares in this SICAV is prohibited to any Russian or Belarusian national, to any natural person residing in Russia or Belarus or to any legal person, entity or organisation established in Russia or Belarus except for nationals of a Member State of the European Union (EU) and natural persons holding a temporary or permanent residence permit in a Member State of the European Union (EU).

Regulations relating to the automatic exchange of information in tax matters:

FATCA means Sections 1471 to 1474 of the US Code, any current or future regulations or their official interpretations, any agreement entered into in accordance with Section 1471(b) of the US Code, or any tax or practice regulation or law adopted in accordance with any intergovernmental agreement entered into in connection with the implementation of these Sections of the US Code; FATCA has been implemented in France by the signature of the intergovernmental agreement between France and the United States on 14 November 2013 for the application of the Foreign Account Compliance Act (FATCA).

US Code means the United States Internal Revenue Code of 1986;

Common Reporting Standard "CRS" means Council Directive 2014/107/EU of 9 December 2014 ("DAC 2 Directive") amending Directive 2011/16/EU as regards the automatic and mandatory exchange of information in the field of taxation as well as agreements concluded by France allowing automatic exchange of information for tax purposes, based on the regulations on the exchange of information for tax purposes developed by the OECD.

The FATCA and CRS regulations have been transposed into French law in Article 1649 AC of the French General Tax Code. They require financial institutions to formally collect information relating to the status of US Person and the country of tax residence of their clients, particularly when opening a financial account.

These financial institutions must transmit to the French tax authorities, for transmission to the foreign tax authorities concerned, certain information concerning the reportable financial accounts of US Person clients and clients with their tax domicile outside France in a State of the European Union or in a State with which an automatic exchange of information agreement is applicable.

The determination of the financial institution on which these obligations are based depends on how the shares are held.

▶ Restrictions on the issue and redemption of shares for US persons

The shares of the SICAV may not be offered or sold to any "US person". For the purposes of this restriction, the term "US person" ("USP") means:

1. An individual who is deemed to be a resident of the United States under a United States law or regulation.

2. An entity:

i. that is a corporation, partnership, limited liability corporation or other commercial entity:

a. that has been created or incorporated under a federal or state law of the United States, including any foreign agency or branch of that entity; or

b. which, regardless of its place of creation or incorporation, has been established primarily for passive investments (such as a company or investment fund or similar entity, other than an employee savings plan or employee savings fund, which is an executive or agent of a foreign entity whose principal place of business is outside the United States);

• and which is held directly or indirectly by one or more USPs, in respect of which these USPs (unless they are defined as Qualified Eligible Persons under CFTC Regulation 4.7(a)) have a total interest of 10% or more, directly or indirectly; or

• if a USP is the general partner, the managing partner, the Chief Executive Officer or exercises another function with the power to direct the entity's activities; or

• was formed by or for a USP primarily with a view to investing in securities not registered with the SEC; or

• of which more than 50% of voting interests or non-voting equity securities are held, directly or indirectly, by USPs; or

c. which is an agency or branch of a foreign entity located in the United States; or

d. whose principal place of business is located in the United States; or

ii. a trust created or incorporated under a US federal or state law regardless of its place of creation or incorporation;

a. in which one or more USPs have the power to control all important decisions; or

b. whose administration or whose constitutional documents are subject to control by one or more courts of the United States; or

c. whose settlor, founder, trustee or other person responsible for decisions relating to the trust is a USP; or

iii. who is an estate of a deceased person, whatever the place of residence of the person when he or she was alive, whose executor or administrator is a USP.

3. An employee savings scheme established and managed in accordance with the laws of the United States.

4. A discretionary or non-discretionary management mandate or similar investment method (other than an estate or trust) held by a foreign or US broker or other agent for the benefit or on behalf of a USP (as defined above).

For the purposes of this definition, the “United States” or “US” means the United States of America (including the States and District of Columbia), its territories, possessions and other regions subject to its jurisdiction.

If, following an investment in the SICAV, the shareholder becomes a US Person, such shareholder (i) will be prohibited from making additional investments in the SICAV and (ii) its shares will be subject to compulsory redemption as soon as possible by the SICAV (subject to the provisions of the applicable law).

The SICAV may, from time to time, modify or waive the aforementioned restrictions.

▶ Restrictions on the issue and redemption of shares for Canadian residents

The shares described in this prospectus may only be distributed in Canada through HSBC Global Asset Management (Canada) Limited and this prospectus may not be used for the purpose of solicitation, nor constitute a solicitation or offer to buy shares in Canada unless HSBC Global Asset Management (Canada) Limited makes such solicitation. A distribution or solicitation is deemed to take place in Canada when it is made to a person (namely an individual, corporation, trust, partnership or other entity, or other corporation) residing or established in Canada at the time of the solicitation. For these purposes, the following persons are generally considered Canadian residents (“Canadian Residents”):

1. A natural person, if

i. the principal residence of that natural person is located in Canada; or

ii. the natural person is physically present in Canada at the time of the offer of the sale or other relevant activity.

2. A joint-stock company, if

i. its registered office or principal place of business is located in Canada; or

ii. the shares of the corporation entitling the holder to elect a majority of the directors are held by natural persons constituting Canadian Residents (as defined above) or by corporations established or located in Canada; or

iii. individuals who make investment decisions or give instructions on behalf of the corporation are Canadian Residents (as defined above).

3. A trust, if

i. the principal establishment of the trust (if any) is located in Canada; or

ii. the trustee (in the case of multiple trustees, the majority of them) is an individual who is a Canadian Resident (as described above) or a legal entity residing or otherwise located in Canada; or

iii. individuals who make investment decisions or give instructions on behalf of the trust are individuals who are Canadian Residents (as described above).

4. A limited partnership, if

i. the registered office or principal place of business (if any) of the corporation is located in Canada; or

ii. holders of the majority of the corporation’s equity interests are Canadian Residents (as described above); or

iii. the General Partner (if any) is a Canadian Resident (as described above); or

iv. individuals who make investment decisions or give instructions on behalf of the company are natural persons who are Canadian Residents (as described above).

3.2 Specific provisions:

HSBC RESPONSIBLE INVESTMENT FUNDS - HSBC EUROPE EQUITY GREEN TRANSITION

▶ **Date of creation**

The sub-fund was created on 12 July 2019, by merger-absorption of the following mutual fund:

- HSBC Europe Equity Green Transition formed on 22 March 2002

▶ **ISIN codes:**

AC share: FR0000982449
AD share: FR0000982456
IC share: FR0011235340
ID share: FR0013476181
K C-D share: FR0012114239
SC share: FR0014004XN1
ZC share: FR0013437183
BC share: FR0013287224

▶ **Classification:**

International equities

▶ **Investment objective:**

This sub-fund:

☐ Promotes environmental or social characteristics (Article 8 of Regulation (EU) 2019/2088 named Sustainable Finance Disclosure (SFDR))

☒ Has a sustainable investment objective (Article 9 of Regulation (EU) 2019/2088 named Sustainable Finance Disclosure (SFDR)).

The sub-fund's management objective is to maximise performance over the recommended investment period of five years by investing in equities issued by European companies, which provide the solutions necessary for the decarbonisation of players in the energy and ecological transition. Portfolio companies are selected for their best environmental, social, and governance practices and their financial quality.

▶ **Benchmark indicator:**

The sub-fund has no benchmark but for information purposes, the sub-fund may be compared to broad indices representative of the European equity market, such as the MSCI Europe GDP weighted. This is an index published by Morgan Stanley Capital International Inc. Its performance is the average performance of the European local equity markets (developed universe) weighted by the relative weights of the GDP of the countries concerned. This index is calculated in euros and net dividends reinvested by Morgan Stanley Capital Index.

Following Brexit, MSCI Limited, as administrator of the MSCI Europe GDP Weighted index, must register with the ESMA pursuant to the regime for recognition of third-country administrators under the Benchmark Regulation.

Further information on the benchmark can be found on the MSCI Limited administrator's website:

The management company has a procedure for monitoring the benchmark indices used describing the measures to be implemented in the event of substantial changes to an index or the discontinuation of the provision of this index.

▶ **Investment strategy:**

In order to achieve its investment objective, the sub-fund invests in equities of all capitalisations issued by European companies, with activities that contribute to the energy and ecological transition, i.e., the shift from an economic model of high consumption of fossil fuels (oil, gas, coal) to a more sustainable or even a decarbonised model. To combat climate change, the sub-fund actively contributes to the financing of companies that provide the necessary solutions to decarbonise economic players and benefit from green growth. One of the indicators used to monitor and measure the portfolio's environmental performance is the avoided emissions indicator. Emissions avoided correspond to future emissions of green technology compared with conventional technology that the sub-fund would replace during its life cycle. The sub-fund aims to have more avoided issues than those of the MSCI Europe GDP weighted, the indicator used for information purposes to assess its performance. Impact indicators are published in our ESG impact report available on the management company's website at www.assetmanagement.hsbc.fr. They reflect the fund's intention to accelerate the transition to a more sustainable economy.

The minimum extra-financial analysis rate of 90% is applied to the sub-fund's eligible assets.

The portfolio is constructed as follows:

1) Definition of the universe of securities eligible for the energy and ecological transition

The first step is to define the universe of eligible securities. This phase focuses on analysing companies' activities in order to identify those that contribute directly or indirectly to the energy and ecological transition. This involves identifying companies belonging to sustainable themes such as renewable energy, industry and energy efficiency, the circular economy (including waste management and pollution control in particular) and organic farming. This list of eco-sectors is neither exhaustive nor fixed.

Securities are then classified on the basis of their green intensity. This green intensity is defined as the contribution of eligible activities in relation to the company's total turnover (less than 10%, between 10% and 50% and more than 50% of turnover).

This stage is completed in collaboration with our fundamental research teams, which provide knowledge of the issuers through direct discussions with these companies and the use of external data providers. This step includes an assessment of activities that are contrary to the energy and ecological transition.

Companies whose business is mainly related to fossil fuel exploration, production and operation, as well as the nuclear industry, are excluded from the portfolio.

The tobacco and arms sectors are systematically excluded. Finally, an assessment of the risks arising from the breach of internationally recognised guidelines is carried out. In this context, all companies with a proven violation of one of the 10 principles of the United Nations Global Compact, or at least two alleged violations, are systematically excluded.

A detailed description of the sub-fund's exclusions is provided in the SFDR appendix to the SICAV's prospectus

The sub-fund's investment universe may be extended to securities that are not part of the above-mentioned eco-sectors but are identified as contributing to the strategy's environmental objectives, while complying with the aforementioned exclusion rules.

The selected companies are selected for the quality of their ESG profile (2) and for their financial attractiveness (3).

2) Selection according to non-financial criteria (SRI filter)

The sub-fund adopts an active management philosophy based on Environmental, Social, and Corporate Governance (ESG) criteria across the universe (thematic and diversification universe).

The companies identified above are all reviewed and selected according to ESG criteria and sustainability indicators adapted to the specific characteristics of the sub-fund.

The selection of companies within each sector according to these ESG criteria is based on a proprietary ESG analysis model, supplied by data from non-financial rating agencies and internal research within our company.

An exhaustive list of external ESG data providers is available in the ESG Information section of the sub-fund on our website www.assetmanagement.hsbc.fr.

Each company will receive four ratings: an E rating, an S rating, a G rating, and an aggregate rating. The first three are provided by external rating agencies, which aim to assess the relevant aspects for the sector to which the rated company belongs.

In terms of governance, aspects such as the structure and representativeness of the board of directors, the robustness of the audit and control processes, and respect for minority shareholders' rights are systematically analysed as well as the country in which the company belongs, because corporate governance practices are highly dependent on national legislation.

The Environmental aspects are related to the nature of the company's activity and its sector. Thus, in extractive industries, "utilities" or air transport, the rejection of CO2 emissions directly related to the company's activity is of paramount importance: their non-measurement and non-control may represent a major industrial risk and may result in major financial penalties and/or reputational damage.

The third pillar, Societal, covers concepts related to relations with civil society, staff management, remuneration and training policies, respect for trade union law, and occupational health and safety policies.

Finally, these three ratings are aggregated to form an ESG rating, making it possible to rank companies.

The securities are rated from 0 to 10. Each security is attached to one of the 30 ESG sectors that have been determined by the management company from an initial universe consisting of 600 stocks of all capitalisations in the eurozone, which are monitored by our financial analysts.

These 30 ESG sectors bring together issuers in groups, for which a weighting of the E, S and G pillars is determined, which is based on the in-depth studies that analysts produce under the responsibility of the Global Head of ESG Research. In order for this to make sense, the ESG scores = X% of the E + Y% rating of the S + Z% of the G rating will be constructed based on X, Y and Z coefficients specific to each sector. For example, the financial sectors will be characterised by a very significant weight given to governance (G): up to 60%, while in sectors with a high environmental impact, the E component could represent up to 50% of the total rating. The weighting of these X, Y and Z coefficients is therefore a reflection of our knowledge of the different business sectors and their respective ESG impacts. It is the result of work that has mobilised our internal research resources as well as academic research.

The SRI universe consists in taking account of ESG criteria, rating companies, and classifying them into quartiles within each sector.

The SRI selection will be made within the thematic universe, supplemented by the diversification universe.

The SRI filter involves unlimited investment in stocks in the first, second, and third quartiles. Stocks in the bottom quartile are excluded. We consider that businesses that meet all these criteria conduct their activities with a long-term development approach.

The SRI universe ratings of the HSBC RESPONSIBLE INVESTMENT FUNDS - EUROPE EQUITY GREEN TRANSITION sub-fund are updated each month.

The sub-fund's portfolio must be brought into line with changes in quartiles resulting from changes in ratings within two weeks after the new SRI universes are sent out and at the latest before the end of each calendar month. However, on an exceptional basis, this period may be extended by three additional months, at the manager's discretion, for companies in the fourth quartile.

For companies for which no data has been disclosed by external data providers, the manager conducts a detailed internal analysis using the company's data.

This "best-in-class" SRI approach aims to select high-rated securities from an ESG perspective, helping to mitigate the potential impact of sustainability risks on portfolio returns.

3) Determination of the final portfolio

This step involves analysing securities within the screened universe based on fundamental financial analysis. Investment decisions are based on fundamental and valuation analysis.

The Transparency Code for the HSBC Responsible Investment Funds - Europe Equity Green Transition sub-fund is publicly available online at www.assetmanagement.hsbc.fr and provides detailed information on the theme-based "energy transition" approach and the integration of the compartment's ESG criteria. This information is also available in its annual report.

Information on the social, environmental and governance quality criteria in this sub-fund's investment policy is available on HSBC Global Asset Management's website at the following address: (www.assetmanagement.hsbc.fr).

The management company has also put in place a policy of engagement, notably through presence with companies, visits in the form of individual interviews and the exercise of our voting policy. These policies and the reports concerning engagement activities and the exercise of voting rights are available on the management company's website (www.assetmanagement.hsbc.fr).

▶ **Instruments used:**

Equities:

A minimum of 90% of the sub-fund's assets are permanently held in equities of companies of countries of the European Union, the United Kingdom, and the Free Trade Association (EFTA), of all capitalisation sizes.

Exposure to the European equity market is between a minimum of 90% and 100% maximum of net assets.

The currency risk arising from investing in equities denominated in European currencies other than the euro will not be hedged. The portfolio's exposure to currency risk may reach 100% of the portfolio.

Debt securities and money market instruments:

The sub-fund may hold up to 10% maximum of fixed-rate, variable-rate and inflation-linked bonds, short- and medium-term negotiable securities, and real estate bonds whose rating will be A1/P1 (Standard & Poor's short-term rating or equivalent and/or long-term equivalent), to help achieve the investment objective, but also used for cash management as well as certificates, listed on European stock exchanges and used to optimise income.

However, the management company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of the assets and in the selection of securities to buy and sell.

Duration: there is no constraint on the duration of individual securities.

Distribution of private/public debt: these can be both public and private debt.

Shares or units of other UCIs or investment funds (up to 10% of its assets):

To help achieve the management objective and cash management.

☑ UCITS governed by French or foreign law;

☑ General investment fund governed by French law or AIF governed by foreign law;

☑ other investment funds: trackers - ETF (Exchange Traded Funds).

The fund manager will invest in investment funds managed or distributed by an HSBC Group entity unless such funds are not eligible or suitable.

Derivatives

The sub-fund does not use derivatives.

Securities with embedded derivatives

The sub-fund does not use instruments with embedded derivatives, but the portfolio may hold warrants issued in respect of a security held in the portfolio.

Risks in which the manager wishes to trade:

☑ equity for hedging and exposure purposes;

☐ interest rates;

☐ foreign exchange;

☐ credit;

☐ other risk (to be specified).

Nature of the operations, with all transactions being limited to the achievement of the management objective:

☑ hedging;

☑ exposure;

☐ arbitrage;

☐ other type (to be specified).

Deposits

In accordance with the French Monetary and Financial Code, deposits contribute to achieving the sub-fund's management objective by allowing it to generate cash.

Deposits may represent up to 10% of the sub-fund's net assets.

Cash borrowings

Exceptionally, with the objective of investing in anticipation of a rise in the markets or more temporarily in the context of large redemptions, the manager may borrow cash up to a maximum of 10% of the assets.

Repos and reverse repos

The sub-fund may not engage in repos and reverse repos.

▶ **Risk profile:**

Main risks:

- Risk of capital loss: the sub-fund does not offer any guarantee or capital protection. Investors may therefore not recover all the capital they initially invested.

- Discretionary management risk: the sub-fund's discretionary management style is based on the management company's anticipation of changes in the various markets and securities. There is a risk that the sub-fund may not be invested in the best-performing markets and securities at all times, leading to a weaker performance.

- Equity risk: the sub-fund is exposed to equity risk through securities, units or shares of UCIs and/or financial instruments. This risk arises because the value of these securities is linked to market fluctuations. In the event that these equity markets decline, the net asset value of the portfolio may drop more significantly than these markets.
- Risk associated with small and mid-caps: the sub-fund has the opportunity to invest in small and mid-caps, which may lead to a more significant and faster decline in the value of the sub-fund.

As the sub-fund's exposure to the highly volatile equity markets is between 90% and 100% maximum, the sub-fund's net asset value may fall significantly.

- Currency risk: this is the risk of a decline in the investment currencies against the portfolio's reference currency. Fluctuations in currencies relative to the reference currency may result in a decline in the value of these instruments and consequently a decrease in the sub-fund's net asset value.

Ancillary risks:

- Interest rate risk: the price of fixed-rate bonds and other fixed-income products fluctuates in a direction opposite to that of interest rates. Hence, when interest rates rise, the value of these bonds falls, as does the net asset value. Credit risk: Credit risk is the risk that the financial position of the issuer of a bond or a debt instrument will deteriorate, the extreme risk being default by the issuer. This deterioration may result in a decline in the value of the issuer's securities and therefore a fall in the net asset value of the sub-fund. This is, for example, the risk of non-repayment of a bond in a timely manner. An issuer's credit risk is reflected in the ratings attributed to it by official rating agencies such as Moody's or Standard & Poor's. Ratings increase with credit risk: issuers from the Investment Grade category to the "High Yield" category.

The management company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of the assets and in the selection of securities to buy or sell.

- Liquidity risk: the markets on which the sub-fund invests may occasionally and temporarily be affected by a lack of liquidity in certain market circumstances or configurations. These market disruptions may affect the price conditions under which the sub-fund may be required to liquidate, initiate or modify positions and therefore lead to a decrease in the sub-fund's net asset value.

The risk factors set out above are not exhaustive. It is the responsibility of each investor to analyse the risk inherent in such an investment and to forge their own opinion independently of the HSBC Group by relying, if necessary, on the advice of all specialist advice on such matters in order to ensure, in particular, that this investment is appropriate to their financial situation.

Integration of sustainability risks in investment decisions and likely impact of sustainability risks on performance

1. As a financial market participant, the management company is subject to Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (or "SFDR regulation").

As such, it has put in place a policy for integrating sustainability risks in its investment decision-making processes.

Sustainability risk is 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.

The sustainability risk policy is centred on the ten principles of the United Nations Global Compact ("UNGC"), which defines the key areas of financial and non-financial risk: human rights, labour, environment and anti-corruption. The management company relies on service providers to identify companies that perform poorly in these areas and, if potential sustainability risks are identified, it then conducts its own checks. The management company's strategy involves monitoring sustainability risks on an ongoing basis.

The management company acts in the best interest of investors. Over time, sustainability risks can influence the performance of UCIs through their investment with regard to emissions by companies, sectors, regions and asset classes. Although the UCIs have their own management strategy, the management company's objective is to generate competitive returns for investors while taking their risk profile into account. To do so, it conducts an in-depth financial analysis and a comprehensive sustainability risk assessment as part of its broader risk assessment for each UCI.

The sustainability risk policy can be found on the management company's website: www.assetmanagement.hsbc.fr.

2. Companies that properly manage sustainability risks are better positioned to anticipate future sustainability risks and opportunities. This makes them strategically more resilient and thus able to anticipate and adapt to long-term risks and opportunities. Likewise, when they are not properly managed, sustainability risks can have negative impacts on the value of the underlying company or the competitiveness of a country that issues sovereign bonds. Sustainability risks can take different forms for the companies or governments in which the UCIs invest, such as: (i) a decline in turnover due to changing consumer preferences, negative impacts on the workforce, social unrest and a decline in production capacity; (ii) higher capital/operating costs; (iii) the depreciation and anticipated retirement of existing assets; (iv) reputational damage due to fines and court orders and the loss of the right to engage in its activity; and (v) sovereign bond market and credit risk. All these risks could potentially affect the UCIs' performance.

The potential impacts of sustainability risks on the UCIs' performance will also depend on the investments made by these UCIs and the materiality of the sustainability risks. The likelihood that sustainability risks will occur should be mitigated by their integration in the investment decision-making procedure. The potential impacts of sustainability risks on the performance of UCIs that use ESG criteria are further mitigated. However, there is no guarantee that these measures will completely mitigate or prevent the occurrence of sustainability risks for these UCIs. As a result, the likely impact on UCIs' performance of an actual or potential material decline in the value of an investment due to a sustainability risk will vary and depend on several factors.

3. The sub-fund takes sustainability risks into consideration in the investment decision-making process. The management company integrates sustainability risks by identifying the ESG factors likely to have a material financial impact on an investment's performance. Exposure to a sustainability risk does not necessarily mean that the management company will refrain from taking or maintaining a position. Rather, it means that the management company will take into consideration sustainability risk assessments as well as other material factors in the context of the company in which it is investing or the issuer, the investment objective and the investment strategy of the sub-fund.

4. A detailed description of the sub-fund's consideration of principal adverse impacts on sustainability factors is provided in the SFDR appendix to the prospectus.

The provisions of the SFDR are supplemented by those of Regulation (EU) 2020/852 of 18 June 2020, known as the Taxonomy Regulation. The latter establishes an EU-wide classification system providing businesses and investors with a common language for identifying the degree to which economic activities can be considered as environmentally sustainable.
To be sustainable, an economic activity must meet the sustainability criteria of the Taxonomy Regulation, including doing no significant harm to any of the environmental objectives set out in this Regulation.

The principle of “do no significant harm” applies only to the underlying investments of the sub-fund that take into account the European Union’s criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the sub-fund do not take into account the EU criteria for environmentally sustainable economic activities.

As part of its investment strategy, the sub-fund makes investments that contribute to the environmental objectives of limiting and adapting to climate change.

The sub-fund does not commit to making investments that contribute to the following environmental objectives:

- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control; and
- the protection and restoration of biodiversity and ecosystems.

However, the sub-fund does not commit to a minimum proportion of sustainable investments with an environmental objective aligned with the EU taxonomy.

For further details, please refer to the appendix to this document.

The provisions of the SFDR are supplemented by those of Regulation (EU) 2020/852 of 18 June 2020, known as the Taxonomy Regulation. The latter establishes an EU-wide classification system providing businesses and investors with a common language for identifying the degree to which economic activities can be considered as environmentally sustainable.

Under the Taxonomy Regulation, an economic activity shall be considered as environmentally sustainable where it:

1. contributes substantially to one or more environmental objectives;
2. does not cause significant harm to any environmental objective;
3. respects certain minimum guarantees (OECD and UN Guidelines on Business and Human Rights);
4. complies with specified performance thresholds or levels known as technical assessment criteria.

Environmental objectives are as follows:
- the limiting of climate change;
- adaptation to climate change;
- the sustainable use and protection of aquatic and marine resources;
- the transition to a circular economy;
- pollution prevention and control; and
- the protection and restoration of biodiversity and ecosystems.

As part of its investment strategy, the sub-fund makes investments that contribute to the environmental objectives of limiting and adapting to climate change.

With the aim of financing companies providing the solutions required to decarbonise economic entities and benefiting from green growth, the portfolio is constructed as follows:
-Definition of the universe of eligible securities according to the thematic approach, by assessing the contribution of these companies to economic activities related to the energy and ecological transition or by identifying companies with a proactive approach to issues related to this theme;
-Determination of the portfolio by selecting securities specific to the theme and according to environmental, social and governance criteria (ESG), and based on a fundamental financial analysis.

The sub-fund aims to invest between 5% and 20% of its portfolio in sustainable economic activities that contribute to the environmental objectives of limiting and adapting to climate change. This percentage range may be revised upwards, particularly when it integrates, starting on 1 January 2023, the alignment of the portfolio with economic activities contributing to the four other environmental objectives mentioned above.

Percentage of investments made in sustainable economic activities, enabling activities and transitional activities within the meaning of the Taxonomy Regulation

Sustainable economic activities	Enabling activities	Transitional activities
between 5% and 20%	between 0% and 20%	between 0% and 20%

▶ **Guarantee or protection:**

None

▶ **Relevant subscribers and typical investor profile:**

AC and AD shares: all subscribers

IC and ID shares: all subscribers, especially institutional investors

K C-D shares: reserved for HSBC Assurances-Vie (France)

SC shares: all subscribers, especially institutional investors

ZC shares: reserved for UCIs and mandates managed by HSBC Global Asset Management (France)

BC shares: subscription for B shares is subject to a specific remuneration agreement between the subscriber and the distributor or portfolio manager. The sub-fund is aimed at investors wishing to benefit from exposure to the equity markets of innovative European companies in the field of energy transition and offering solutions to climate change issues.

This sub-fund may be subscribed for under a PEA.

The minimum recommended investment period is 5 years.

The proportion of the portfolio that an investor can invest in this sub-fund depends on individual factors such as the amount of their assets, whether or not they prefer security, their investment horizon, etc.

Shareholders are therefore invited to contact their relationship manager or usual advisor if they wish to conduct an analysis of their personal situation. This analysis may, depending on the case, be invoiced to them by their advisor and cannot under any circumstances be borne by the sub-fund or the management company.

Provisional measures prohibiting subscriptions to the sub-fund from 12 April 2022:

From 12 April 2022, pursuant to EU regulation no. 833/2014 as amended and EU regulation no. 765/2006 as amended, the subscription of shares in this sub-fund is prohibited to any Russian or Belarusian national, to any natural person residing in Russia or Belarus or to any legal person, entity or organisation established in Russia or Belarus except for nationals of a Member State of the European Union (EU) and natural persons holding a temporary or permanent residence permit in a Member State of the European Union (EU).

In all cases, it is strongly recommended that investments be sufficiently diversified so that they are not exposed solely to the risks of this sub-fund.

▶ **Methods for determining and allocating distributable amounts:**

In accordance with regulatory provisions, net income for the fiscal year is equal to the amount of interest, arrears, dividends, premiums and bonuses, directors' fees, and any other income related to the securities comprising the sub-fund's portfolio, plus the income from any amounts temporarily available, less management fees and borrowing costs.

The amounts distributable by an undertaking for collective investment in transferable securities consist of:

1. Retained earnings added to net income, and the balance of accrued income added or subtracted as appropriate;

2. Capital gains realised, net of costs, minus realised losses, net of costs, recognised during the fiscal year, plus net gains of the same type recognised in previous fiscal years that were not distributed or accumulated, plus or minus the balance of accrued gains.

The amounts mentioned in no. 1 and 2 may be distributed, in whole or in part, independently of each other.

Distributable amounts	AC, IC, ZC and BC shares	AD and ID shares	K C-D shares
Net income (1)	Accumulation	Distribution	Accumulation and/or distribution, upon decision of the management company each year
Net realised capital gains (2)	Accumulation	Accumulation and/or distribution, upon decision of the management company each year	Accumulation and/or distribution, upon decision of the management company each year

Frequency of distribution:

For AD, ID and K C-D shares, annual distribution at the decision of the management company if the accounting income of the compartment allows it.

Share characteristics:

The shares are denominated in euros.

Subscriptions and redemptions may be made in thousandths of shares or in amount.

Initial net asset value of the absorbed mutual fund:

AC and AD shares: €100

IC shares: €10,000

ID shares: €10,000[1]

K C-D shares: €1,000

SC shares: €1,000

ZC shares: €1,000[2]

BC shares: €100

Minimum initial subscription amount:

AC and AD shares: 1 thousandth of a share

IC shares: €100,000 (with the exception of the management company whose minimum subscription is one share)

[1] This share class was created on 11 February 2020.
[2] This share class was created on 30 September 2019.

ID shares: €100,000

K C-D shares: €1,000,000

SC shares: €25,000,000

ZC shares: 1 thousandth of a share

BC shares: 1 thousandth of a share

The switch from one share class to another or from one sub-fund to another is considered a disposal and is therefore liable to be subject to tax.

Subscription and redemption procedures:

Orders are executed in accordance with the table below:

Trading day (D)	Trading day (D)	D: NAV calculation date	D+1 trading day	D+2 trading days	D+2 trading days
Centralisation before 12 noon of subscription orders*	Centralisation before 12 noon of redemption orders*	Order execution no later than D	Publication of the net asset value	Settlement of subscriptions	Settlement of redemptions

*Except for any specific period agreed with your financial institution

Subscription and redemption requests are centralised every day at 12 noon, Paris time. They are executed on the basis of the net asset value calculated at the day's closing prices.

Subscription and redemption requests received after 12 noon will be executed on the basis of the net asset value calculated on the closing prices of the next trading day. Subscription and redemption requests received on a non-trading day are executed on the basis of the net asset value calculated on the closing prices of the next trading day.

Subscribers are invited to send their instructions to their financial intermediary sufficiently in advance to allow them to be transmitted before the deadline at 12 noon.

Institutions designated to receive subscriptions and redemptions and responsible for ensuring compliance with the centralisation cut-off time indicated in the above paragraph:

CACEIS Bank and HSBC Continental Europe for clients for which it ensures custody account-keeping.

Shareholders' attention is drawn to the fact that orders transmitted to distributors other than the institutions mentioned above must take into account the fact that the cut-off time for centralising orders applies to said distributors vis-à-vis CACEIS Bank. Accordingly, its promoters may apply their own cut-off time, prior to the time mentioned above, in order to take into account their deadline for transmitting orders to CACEIS Bank.

Date and frequency of calculation of the net asset value:

The valuation is daily with the exception of public holidays within the meaning of the French Labour Code, and days on which Euronext or the London Stock Exchange are closed or not operating. It is carried out at closing prices.

Net asset values may be obtained from the management company at the following address:

▶ **Fees and commissions:**

Subscription and redemption fees:

Subscription and redemption fees increase the subscription price paid by the investor or reduce the redemption price. The fees paid to the sub-fund are used to offset the costs incurred by the sub-fund in investing or divesting the assets entrusted. Fees not paid are paid to the management company, the distributor, etc.

Charges billed to the investor, deducted at the time of subscriptions and redemptions	**Base**	**Scale rate**				
		AC and AD shares:	**IC, ID and SC shares:**	**K C-D shares:**	**ZC shares:**	**BC shares:**
Subscription fee not paid into the sub-fund	net asset value × number of shares	3% maximum	3% maximum	6% maximum	6% maximum	3% maximum
Subscription fee paid into the sub-fund	net asset value × number of shares	None				
Redemption fee not paid into the sub-fund	net asset value × number of shares	None				
Redemption fee paid into the sub-fund	net asset value × number of shares	None				

UCIs and mandates managed by an HSBC Group entity are exempted from subscription fees.

Exemption: Simultaneous redemption/subscription transactions based on the net asset value of subscription for a zero-balance transaction volume on the same sub-fund are carried out free of charge.

Charges:

Financial management fees and administrative fees external to the management company cover all fees charged directly to the sub-fund, with the exception of transaction fees. Transaction fees include intermediation fees (brokerage, stock exchange taxes, etc.) and transaction fees, where applicable, which may be collected in particular by the custodian and the management company.

In addition to the financial management fees and administrative fees external to the management company:

- *performance fees. These fees are paid to the management company when the sub-fund exceeds its objectives. They are therefore invoiced to the sub-fund;*
- *transaction fees charged to the sub-fund;*
- *a share of the income from temporary purchases and sales of securities.*

In the event of an increase in administrative fees external to the management company equal to or less than 0.10% including tax per year, the sub-fund's shareholders may be informed by any means.

In this case, the management company shall not be required to provide information to shareholders in a particular manner, nor to offer the possibility of redeeming their shares free of charge.

	Charges to the sub-fund	**Base**	**Scale rate**					
			AC and AD shares:	**IC and ID shares:**	**SC shares:**	**K C-D shares:**	**ZC shares:**	**BC shares:**

1	Financial management fees(*)	Daily net assets	Maximum 1.50% incl. taxes	Maximum 0.75% incl. taxes	Maximum 0.55% incl. taxes	Maximum 0.325% incl. taxes	None	Maximum 0.75% incl. taxes
2	Operating and other service costs(**)	Daily net assets	Maximum 0.30% incl. taxes					
3	Maximum indirect charges (commissions and management fees)	Daily net assets	Insignificant***					
4	Transaction fees	Deducted from each transaction	None					
5	Outperformance commission	Daily net assets	None					

** A percentage of the management fees may be retroceded to third-party distributors in return for marketing the sub-fund.*

*** Operating and other service costs include:*

I. Fund registration and listing fees:

- costs relating to registration of the sub-fund in other Member States (including costs invoiced by advisors (lawyers, consultants, etc.) for carrying out the marketing formalities in respect of the local regulator on behalf of the SGP);
- listing fees for the sub-fund and publication of net asset values for investors' information;
- distribution platform costs (excluding retrocessions); agents in foreign countries who interface with distribution

II. Client and distributor information costs

- the costs of compiling and distributing DICs/prospectuses and regulatory reports;
- costs relating to the communication of regulatory information to distributors;
- costs of providing information to unitholders by any means;
- information specific to direct and indirect unitholders; Letters to unitholders, etc.;
- website administration costs;
- translation costs specific to the sub-fund.

III. Data costs

- costs of data used for redistribution to third parties;
-- audit and label promotion costs (e.g. SRI label, Greenfin label)

IV. Custodian, legal, audit, tax and other fees.

- statutory audit fees;
- fees related to the custodian;
- fees for delegation of administrative and accounting management;
- tax costs including lawyer and external expert (recovery of withholding taxes on behalf of the fund, local tax agent, etc.);
- legal fees specific to the sub-fund;
-- Costs of creating a new sub-fund depreciable over five years.

V. Fees relating to compliance with regulatory obligations and regulatory reporting
- fees for submitting regulatory reports to the regulator specific to the sub-fund;
- fees for compulsory professional associations
- operating costs for deployment of voting policies at General Meetings

***The sub-fund invests less than 20% in UCIs*

The following costs may be added to the above-listed fees charged to the sub-fund:

- contributions due for the management of the sub-fund pursuant to paragraph 4 of section II of Article L. 621-5-3 of the French Monetary and Financial Code;
- exceptional and non-recurring taxes, levies and government duties (in relation to the sub-fund);
- exceptional and non-recurring costs for the recovery of receivables (e.g. Lehman) or proceedings to assert a right (e.g. class action).

Additional information on temporary purchases and sales of securities:

The management company does not receive any remuneration for these temporary purchases and sales of securities.

The income and income generated by temporary purchases and sales of securities are fully acquired by the sub-fund, after deduction of certain direct and indirect operating costs (particularly the remuneration of the lending agent, depending on the type of transaction).

Operational costs and expenses relating to these transactions may also be borne by the management company and not be invoiced to the sub-fund.

For further information, shareholders are invited to refer to the annual report of the sub-fund or the management report of the management company, which will include additional details if the value of these services exceeds 1% of the management company's turnover.

Brief description of the intermediary selection procedure

The management company selects brokers or counterparties according to a procedure in accordance with applicable regulations. As part of this selection, the management company fulfils its best execution obligation at all times.

The objective selection criteria used by the management company specifically include the quality of order executions, the rates applied, and the financial soundness of each broker or counterparty.

The counterparties, investment companies, and service providers of HSBC Global Asset Management (France) are selected according to a specific evaluation process intended to ensure that quality service is provided to the company. This is a key element in the general decision-making process that incorporates the impact of the service quality of the broker across all our departments: Management, Financial and Credit Analysis, Trading and Middle Office.

Counterparty selection can involve an entity linked to the HSBC Group or the UCITS's depositary.

The "Policy of best execution and selection of intermediaries" is detailed on the management company's website.

HSBC RESPONSIBLE INVESTMENT FUNDS - SRI GLOBAL EQUITY

▶ **Date of creation**

The sub-fund was created on 12 July 2019, by merger-absorption of the following mutual fund:

- HSBC SRI Global Equity established on 19 November 1999

▶ **ISIN codes:**

AC shares: FR0000438905

IC shares: FR0010761072

ZC shares: FR0013076007

JC shares: FR0013356722

BC shares: FR0013287265

IT shares: FR0013325867

▶ **Classification:**

International equities

▶ **Investment objective:**

This sub-fund:

☒ Promotes environmental or social characteristics (Article 8 of Regulation (EU) 2019/2088 named Sustainable Finance Disclosure (SFDR)).

☐ Has a sustainable investment objective (Article 9 of Regulation (EU) 2019/2088 named Sustainable Finance Disclosure (SFDR)).

The investment objective of the sub-fund is to be exposed to international equity markets by picking corporate stocks selected for their good environmental, social, and governance practices and their financial quality. With that in mind, the fund manager aims to seek the best performance through discretionary management on international equity markets over a recommended investment period of at least five years.

▶ **Benchmark indicator:**

The HSBC Responsible Investment Funds - SRI Global Equity sub-fund has no benchmark. Indeed, there is no benchmark representative of our management philosophy and therefore our investment universe.

For information purposes, the sub-fund may be compared with the broad indices representative of the international equity market, such as the MSCI World, which does not define the investment universe restrictively, but only makes it possible to qualify the market performance of the securities represented.

The MSCI World Index is a broad index of companies listed on the stock exchanges of around 23 developed countries.

It is representative of the world's largest capitalisations in developed industrialised countries. This index is calculated in euros and net dividends reinvested by Morgan Stanley Capital Index (Datastream code: MSWRLD$(NR)~E.

Following Brexit, MSCI Limited, as administrator of the MSCI World index, must register with the ESMA pursuant to the regime for recognition of third-country administrators under the Benchmark Regulation.

Further information on the benchmark can be found on the MSCI Limited administrator’s website: http://www.msci.com

The management company has a procedure for monitoring the benchmark indices used describing the measures to be implemented in the event of substantial changes to an index or the discontinuation of the provision of this index.

▶ Investment strategy:

A minimum of 75% of the sub-fund is invested in or exposed to international equities on markets of developed countries. The process of selecting securities, consisting of two independent and successive stages, is based on non-financial and financial criteria:

The minimum extra-financial analysis rate of 90% is applied to the sub-fund's eligible assets.

1. Non-financial criteria:

The first step in the process consists of selecting the top companies in each sector according to a best-in-class approach and observing environmental, social, and governance (ESG) criteria (for example: Energy, Transport, etc.). Each company will receive four ratings: an E rating, an S rating, a G rating, and an aggregate rating. The first three are provided by external rating agencies, which aim to assess the relevant aspects for the sector to which the rated company belongs.

An exhaustive list of external ESG data providers is available in the ESG Information section of the sub-fund on our website www.assetmanagement.hsbc.fr.

The tobacco and arms sectors are systematically excluded, while the thermal coal sector is partially excluded for electricity generation (companies generating more than 10% of their turnover from electricity generated using thermal coal) and totally excluded for thermal coal extraction companies. All companies that produce a proven breach of one of the 10 principles of the United Nations Global Compact or at least two alleged violations are systematically excluded.

A detailed description of the sub-fund’s exclusions is provided in the SFDR appendix to the SICAV’s prospectus.

With regard to governance, aspects such as the structure and representativeness of the Board of Directors, attendance and level of independence of directors, transparency regarding how senior managers are set, the robustness of audit and control processes, and respect for minority shareholders’ rights are systematically analysed. The assessment of the company’s performance in these areas will also take into account the country in which the company belongs, the country in which it is listed and/or the country in which it has its registered office, for example. Indeed, corporate governance practices are highly dependent on national legislation. However, they will also be evaluated in accordance with international standards such as the OECD Guidelines.

The Environmental aspects are related to the nature of the company's activity and its sector. Thus, in extractive industries, “utilities” or air transport, the rejection of CO_2 emissions directly related to the company’s activity is of paramount importance: their non-measurement and non-control may represent a major industrial risk and may result in major financial penalties and/or reputational damage. On the other hand, in the automotive sector or the production of electrical equipment, the company’s ability to invest in the development of products and solutions capable of rendering the expected service will be more evaluated, while limiting greenhouse gas emissions in their phase of use: hybrid or electric vehicles, intelligent systems for regulating and optimising energy consumption: “smart grid”. Finally, some sectors have a very slight direct environmental impact such as the media, finance, etc. The third pillar, Societal, covers concepts related to relations with civil society, staff management, remuneration and training policies, respect for trade union law, occupational health, and safety policies. The very nature of the company’s business will strongly affect the nature and relative importance of these practices. Thus, in sectors with a proven hazardous nature such as construction, mining, prevention of workplace accidents and safety are priority criteria. However, in sectors such as telecoms, the fairness of pricing policies applied to customers and the protection of personal data are important issues.

Finally, these three ratings are aggregated to form an ESG rating, making it possible to rank companies. The selection of companies according to these ESG criteria is based on a proprietary ESG analysis model, supplied by data from non-financial rating agencies and internal research.

The securities are rated from 0 to 10. Each security is attached to one of the 30 ESG sectors that have been determined by the management company from the MSCI World segmentation in order to facilitate their integration into existing segmentations.

These 30 ESG sectors bring together issuers in groups, for which a weighting of the E, S and G pillars is determined, which is based on the in-depth studies that analysts produce under the responsibility of the Global Head of ESG Research. In order for this to make sense, the ESG scores = X% of the E + Y% rating of the S + Z% of the G rating will be constructed based on X, Y and Z coefficients specific to each sector. For example, the financial sectors will be characterised by a very significant weight given to governance (G): up to 60%, while in sectors with a high environmental impact, the E component could represent up to 50% of the total rating. The weighting of these X, Y and Z coefficients is therefore a reflection of our knowledge of the different business sectors and their respective ESG impacts. It is the result of work that has mobilised our internal research resources as well as academic research.

The SRI universe consists in taking account of ESG criteria and classifying companies into quartiles within each sector. The SRI universe ratings of the HSBC Responsible Investment Funds - SRI Global Equity sub-funds are updated each month.

Stocks in the fourth quartile are excluded, but a maximum of 15% of net assets may be invested in stocks in the third quartile and without limitation in stocks in the first and second quartiles.

In accordance with this stock selection methodology, within the same sector, at least 25% of companies are required to be excluded.

The sub-fund’s portfolio must be brought into line with changes in quartiles resulting from changes in ratings within two weeks after the new SRI universes are sent out and at the latest before the end of each calendar month. However, on an exceptional basis, this period may be extended by three additional months, at the manager’s discretion, for companies in the bottom quartile.

The Transparency Code for the HSBC Responsible Investment Funds - SRI Global Equity sub-fund is publicly available online at www.assetmanagement.hsbc.fr and provides detailed information on the sub-fund’s SRI approach. This SRI information is also available in its annual report.

The management company has also put in place a policy of engagement, notably through presence with companies, visits in the form of individual interviews and the exercise of our voting policy. These policies and the reports concerning engagement activities and the exercise of voting rights are available on the management company's website (www.assetmanagement.hsbc.fr/fr).

2. Financial criteria:

The second stage is dedicated to the financial selection of securities within the SRI investment universe.

A score is assigned to each of these securities eligible for the SRI universe according to performance factors. The portfolio is then constructed by overweighting stocks with the highest scores while avoiding focus in a single sector, country, or region.

▶ **Instruments used:**

Equities:

At all times, a minimum of 75% of the sub-fund’s assets are invested in or exposed to international equities

The sub-fund may invest secondarily in securities of developed industrialised countries outside the OECD including emerging countries. The sub-fund is generally invested in large-cap equities (and equivalent securities), but it reserves the right to invest up to 100% of its assets in small and mid-cap securities.

Debt securities and money market instruments:

The manager may invest on an ancillary basis in public or private debt securities with a short-term rating A-1/P-1 (Moody's rating agency) or one deemed equivalent by the management company, as well as in term deposits.

Shares or units of other UCIs or investment funds (up to 10% of its assets):

To help achieve the management objective and cash management.

☑ UCITS governed by French or foreign law;

☑ General investment fund governed by French law or AIF governed by foreign law;

☑ other investment funds: trackers - ETF (Exchange Traded Funds).

The fund manager will invest in investment funds managed or distributed by an HSBC Group entity unless such funds are not eligible or suitable.

Derivatives

The manager will not use derivatives.

Currency risk against the euro is not systematically hedged.

Securities with embedded derivatives

The sub-fund does not use instruments with embedded derivatives.

Deposits

In accordance with the French Monetary and Financial Code, deposits contribute to achieving the sub-fund's management objective by allowing it to generate cash.

Deposits may represent up to 10% of the sub-fund's net assets.

Cash borrowings

Exceptionally, with the objective of investing in anticipation of an increase in the markets or more temporary in the context of large redemptions, the sub-fund may be temporarily in a debit position and in this case use cash borrowing up to a maximum of 10% of the assets.

Repos and reverse repos

The sub-fund may not engage in repos and reverse repos.

The management company's voting rights policy is carried out in accordance with the policy available on our website (www.assetmanagement.hsbc.fr).

▶ **Risk profile:**

This sub-fund is influenced by fluctuations in international equity markets. It therefore has a high-risk profile.

Main risks:

- Risk of capital loss: the sub-fund does not offer any guarantee or capital protection. Investors may therefore not recover all the capital they initially invested.

- Discretionary management risk: the sub-fund's discretionary management style is based on the management company's anticipation of changes in the various markets and securities. There is a risk that the sub-fund may not be invested in the best-performing markets and securities at all times, leading to a weaker performance.

- Market risk and equity risk: market risk is the systematic risk incurred by investors due to being invested in the markets, as opposed to the specific risk specific to each security. It is a function of the greater or lesser correlation between the portfolio invested and the market as a whole. The sub-fund is subject to the risk of fluctuation in the markets in which it is invested. The sub-fund is exposed to equity risk through securities, units or shares of UCIs and/or financial instruments. This risk arises because the value of these securities is linked to market fluctuations. In the event that these equity markets decline, the net asset value of the portfolio may drop more significantly than these markets. The sub-fund has the option of investing in small and mid-caps, which may cause the value of the sub-fund to fall more significantly and faster.

- Currency risk: this is the risk of a decline in the investment currencies against the portfolio's reference currency (Euro). Fluctuations in currencies against the euro may lead to a decline in the value of these instruments and consequently a decrease in the sub-fund's net asset value.
The maximum share of the assets exposed to currency risk is 100% of the assets.

Ancillary risks:

- Credit risk: credit risk is the risk that the issuer's financial situation deteriorates, with the extreme risk being the issuer's default. This deterioration may result in a decline in the value of the issuer's securities and therefore a fall in the value of the fund. This is, for example, the risk of non-repayment of a bond in a timely manner. An issuer's credit risk is reflected in the ratings attributed to it by official rating agencies such as Moody's or Standard & Poor's. Ratings increase with credit risk: issuers from the Investment Grade category to the "High Yield" category.
The management company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of the assets and in the selection of securities to buy or sell.

- Interest rate risk: the price of fixed-rate bonds and other fixed-income products fluctuates in a direction opposite to that of interest rates. Hence, when interest rates rise, the value of these bonds falls, as does the net asset value. In addition, the manager has the possibility to carry out interest rate arbitrage transactions, meaning that he or she expects the yield curve to deteriorate. However, it may be distorted in a sense that the manager had not anticipated, which could cause a significant decrease in the net asset value.

- Risk related to investment in emerging countries: the sub-fund may invest in emerging markets through securities, units or shares of UCIs and/or financial instruments whose value is likely to fluctuate significantly, which may lead to more significant or rapid decreases in net asset value than the change observed in developed markets. The main risks associated with investments in emerging countries may be due to the high volatility of securities, the volatility of the currencies of these countries, potential political instability, interventionist government policy, the existence of different accounting and financial practices and less liquidity.

- Liquidity risk: the markets on which the sub-fund invests may occasionally and temporarily be affected by a lack of liquidity in certain market circumstances or configurations. These market disruptions may affect the price conditions under which the sub-fund may be required to liquidate, initiate or modify positions and therefore lead to a decrease in the sub-fund's net asset value.

The risk factors set out above are not exhaustive. It is the responsibility of each investor to analyse the risk inherent in such an investment and to forge their own opinion independently of the HSBC Group by relying, if necessary, on the advice of all specialist advice on such matters in order to ensure, in particular, that this investment is appropriate to their financial situation.

Integration of sustainability risks in investment decisions and likely impact of sustainability risks on performance

1. As a financial market participant, the management company is subject to Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (or “SFDR regulation”).

As such, it has put in place a policy for integrating sustainability risks in its investment decision-making processes.

Sustainability risk is 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.

The sustainability risk policy is centred on the ten principles of the United Nations Global Compact (“UNGC”), which defines the key areas of financial and non-financial risk: human rights, labour, environment and anti-corruption. The management company relies on service providers to identify companies that perform poorly in these areas and, if potential sustainability risks are identified, it then conducts its own checks. The management company’s strategy involves monitoring sustainability risks on an ongoing basis.

The management company acts in the best interest of investors. Over time, sustainability risks can influence the performance of UCIs through their investment with regard to emissions by companies, sectors, regions and asset classes. Although the UCIs have their own management strategy, the management company’s objective is to generate competitive returns for investors while taking their risk profile into account. To do so, it conducts an in-depth financial analysis and a comprehensive sustainability risk assessment as part of its broader risk assessment for each UCI.

The sustainability risk policy can be found on the management company’s website: www.assetmanagement.hsbc.fr.

2. Companies that properly manage sustainability risks are better positioned to anticipate future sustainability risks and opportunities. This makes them strategically more resilient and thus able to anticipate and adapt to long-term risks and opportunities. Likewise, when they are not properly managed, sustainability risks can have negative impacts on the value of the underlying company or the competitiveness of a country that issues sovereign bonds. Sustainability risks can take different forms for the companies or governments in which the UCIs invest, such as: (i) a decline in turnover due to changing consumer preferences, negative impacts on the workforce, social unrest and a decline in production capacity; (ii) higher capital/operating costs; (iii) the depreciation and anticipated retirement of existing assets; (iv) reputational damage due to fines and court orders and the loss of the right to engage in its activity; and (v) sovereign bond market and credit risk. All these risks could potentially affect the UCIs’ performance.

The potential impacts of sustainability risks on the UCIs’ performance will also depend on the investments made by these UCIs and the materiality of the sustainability risks. The likelihood that sustainability risks will occur should be mitigated by their integration in the investment decision-making procedure. The potential impacts of sustainability risks on the performance of UCIs that use ESG criteria are further mitigated. However, there is no guarantee that these measures will completely mitigate or prevent the occurrence of sustainability risks for these UCIs. As a result, the likely impact on UCIs’ performance of an actual or potential material decline in the value of an investment due to a sustainability risk will vary and depend on several factors.

3. The sub-fund takes sustainability risks into consideration in the investment decision-making process. The management company integrates sustainability risks by identifying the ESG factors likely to have a material financial impact on an investment’s performance. Exposure to a sustainability risk does not necessarily mean that the management company will refrain from taking or maintaining a position. Rather, it means that the management company will take into consideration sustainability risk assessments as well as other material factors in the context of the company in which it is investing or the issuer, the investment objective and the investment strategy of the sub-fund.

4. A detailed description of the sub-fund’s consideration of principal adverse impacts on sustainability factors is provided in the SFDR appendix to the prospectus.

The provisions of the SFDR are supplemented by those of Regulation (EU) 2020/852 of 18 June 2020, known as the Taxonomy Regulation. It establishes an EU-wide classification system intended to provide businesses and investors with a common language to identify to what degree economic activities can be considered environmentally sustainable.

To be sustainable, an economic activity must meet the sustainability criteria of the Taxonomy Regulation, including doing no significant harm to any of the environmental objectives set out in this Regulation.

The principle of “do no significant harm” applies only to the investments that take into account the European Union’s criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the sub-fund do not take into account the EU criteria for environmentally sustainable economic activities.

The sub-fund does not commit to making investments that contribute to the following environmental objectives:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control; and
- the protection and restoration of biodiversity and ecosystems.

▶ **Guarantee or protection:**

None

▶ **Relevant subscribers and typical investor profile:**

AC shares: all subscribers

IC shares: all subscribers but more specifically intended for institutional clients.

ZC shares: reserved for UCIs and mandates of HSBC Global Asset Management (France).

JC shares: shares reserved for HSBC Group UCIs and mandates.

BC shares: subscription for B shares is subject to a specific remuneration agreement between the subscriber and the distributor or portfolio manager.

IT shares: shares reserved for the ATFund market (multilateral trading platform - MTF) of Borsa Italiana.

This product is especially intended for subscribers interested in choosing a product invested in equities of international companies that meet high standards in the field of Sustainable Development while maintaining a performance objective equivalent to that of international equity funds over the long term.

The recommended investment period is more than five years.

Shareholders are therefore invited to contact their relationship manager or usual advisor if they wish to conduct an analysis of their personal situation. This analysis may, depending on the case, be invoiced to them by their advisor and cannot under any circumstances be borne by the sub-fund or the management company.

Provisional measures prohibiting subscriptions to the sub-fund from 12 April 2022:

From 12 April 2022, pursuant to EU regulation no. 833/2014 as amended and EU regulation no. 765/2006 as amended, the subscription of shares in this sub-fund is prohibited to any Russian or Belarusian national, to any natural person residing in Russia or Belarus or to any legal person, entity or organisation established in Russia or Belarus except for nationals of a Member State of the European Union (EU) and natural persons holding a temporary or permanent residence permit in a Member State of the European Union (EU).

In all cases, it is strongly recommended that investments be sufficiently diversified so that they are not exposed solely to the risks of this sub-fund.

▶ **Methods for determining and allocating distributable amounts:**

In accordance with regulatory provisions, net income for the fiscal year is equal to the amount of interest, arrears, dividends, premiums and bonuses, directors' fees, and any other income related to the securities comprising the sub-fund's portfolio, plus the income from any amounts temporarily available, less management fees and borrowing costs.

The amounts distributable by an undertaking for collective investment in transferable securities consist of:

1. Retained earnings added to net income, and the balance of accrued income added or subtracted as appropriate;

2. Capital gains realised, net of costs, minus realised losses, net of costs, recognised during the fiscal year, plus net gains of the same type recognised in previous fiscal years that were not distributed or accumulated, plus or minus the balance of accrued gains.

The amounts mentioned in no. 1 and 2 may be distributed, in whole or in part, independently of each other.

Distributable amounts	Equities
Net income (1)	Accumulation
Net realised capital gains (2)	Accumulation

Share characteristics:

The shares are denominated in euros.

Subscriptions and redemptions may be made in thousandths of shares for AC, IC, ZC and JC shares.

Subscriptions and redemptions may be made in whole shares for IT shares.

Subscriptions and redemptions may be made in thousandths of shares or in amount for BC shares.

Initial net asset value (of the absorbed mutual fund for the categories created before 12 July 2019):

AC shares: €150

IC shares: €10,000.

ZC shares: €1,000.

JC shares: €1,000.

BC shares: €100

IT shares: €10.

Minimum initial subscription amount:

AC shares: 1 thousandth of a share.

IC shares: €100,000.

ZC shares: 1 thousandth of a share.

JC shares: 1 thousandth of a share.

BC shares: 1 thousandth of a share.

IT shares: one share.

The switch from one share class to another or from one sub-fund to another is considered a disposal and is therefore liable to be subject to tax.

Subscription and redemption procedures:

Orders are executed in accordance with the table below:

Trading day (D)	Trading day (D)	D: NAV calculation date	D+1 trading day	D+1 trading day	D+1 trading day
Centralisation before 12 noon of subscription orders*	Centralisation before 12 noon of redemption orders*	Order execution no later than D	Publication of the net asset value	Settlement of subscriptions	Settlement of redemptions

*Except for any specific period agreed with your financial institution

Subscription and redemption requests are centralised every day at 12 noon, Paris time. They are executed on the basis of the net asset value calculated at the day's closing prices.

Subscription and redemption requests received after 12 noon will be executed on the basis of the net asset value calculated on the closing prices of the next trading day. Subscription and redemption requests received on a non-trading day are executed on the basis of the net asset value calculated on the closing prices of the next trading day.

Subscribers are invited to send their instructions to their financial intermediary sufficiently in advance to allow them to be transmitted before the deadline at 12 noon.

JC unit subscription and redemption terms:

Trading day (D)	Trading day (D)	D: NAV calculation date	D+1 trading day	D+2 trading days	D+2 trading days
Centralisation before 11.00 am of subscription orders*	Centralisation before 11.00 am of redemption orders*	Order execution no later than D	Publication of the net asset value	Settlement of subscriptions	Settlement of redemptions

*Except for any specific period agreed with your financial institution.

Subscription and redemption requests are centralised every day at 12 noon, Paris time.

They are executed on the basis of the net asset value calculated at the day's closing prices. Subscription and redemption requests received after 12 noon are executed on the basis of the net asset value calculated on the closing prices of the next trading day.
Subscription and redemption requests received on a non-trading day are executed on the basis of the net asset value calculated on the closing prices of the next trading day.

Settlements relating to subscription and redemption requests are carried out on the second trading day (D+2) following the centralisation date.

Subscribers are invited to send their instructions to their financial intermediary sufficiently in advance to allow them to be transmitted before the deadline at 12 noon.

Terms of subscription and redemption of IT shares:

Orders are executed in accordance with the table below:

Trading day (D)	Trading day (D)	D: NAV calculation date	D+1 trading day	D+3 trading days	D+3 trading days
Centralisation before 11.00 am of subscription orders*	Centralisation before 11.00 am of redemption orders*	Order execution no later than D	Publication of the net asset value	Settlement of subscriptions	Settlement of redemptions

*Except for any specific period agreed with your financial institution.

Subscriptions and redemptions are pooled each day by 11 a.m. (Paris time) at the latest. They shall be executed by reference to the Fund's net asset value as calculated and published on the following trading day (D+1) on the basis of the closing prices on the request pooling day (D).

Settlements relating to subscription and redemption requests are carried out on the third trading day following the centralisation date.

We recommend that you find out more about the operating rules set out by this Listing Market, in accordance with local regulations, or that you contact your usual advisor.

Existence of a gate (redemption cap mechanism)

The subfund has a gate mechanism. At the time of centralisation, if redemption requests (net of subscriptions) received simultaneously from one or more unitholders represent more than 5% of net assets, the management company may decide to stagger the redemption movements (gate) after assessing the relevance, in particular in view of the impact on liquidity management, in order to guarantee balanced management of the fund and therefore equal treatment of unitholders.

If the management company triggers the gate, redemption requests, for all unit classes combined, not fully honoured by the net asset value calculation date will be automatically deferred to the next net asset value for those exceeding the gate trigger threshold and processed in the same proportion for each order without any order of priority.

The subfund has multiple unit classes, and the trigger threshold will be the same for each unit class.

On each net asset value calculation date, if the amount of redemptions minus the amount of subscription orders on the same net asset value is 5% or more of the subfund's net assets, the management company may reduce each redemption order within the subfund's maximum redemption limit. The management company will then proportionally reduce all redemption orders to the maximum redemption limit. Redemption requests will thus be reduced proportionally and expressed as a whole number of units (rounded up).

The subfund's maximum redemption limit on each net asset value calculation date is defined as 5% of the subfund's net assets or a greater amount at the discretion of the management company if market liquidity allows it.

The remaining portion of redemptions exceeding the maximum redemption limit cannot be cancelled. They will be automatically deferred to the next net asset value and processed in the same way as redemption orders placed on the next net asset value. Such deferred orders cannot be cancelled and will not have priority over subsequent redemption requests.

Under these circumstances, unitholders affected by the reduction of orders are informed individually of the amount of their deferred order as soon as possible by the Centralising Entity on the management company's instruction.

The triggering of the gate is communicated in the subfund's section of the management company's website.

Trigger exemption cases:

Redemptions followed by a subscription executed on the same day for the same net asset value and the same number of securities by the same unitholder will not be deferred, provided that the centralising entity has been expressly informed.

Example illustrating a gate

On the centralisation date, if redemption orders (net of subscriptions) represent 10% of the subfund's net assets and the management company decides to trigger the gate at 5% of the Fund's net assets:

- two days after the net asset value date, each investor who has submitted a redemption order will receive a settlement equal to 50% (5% divided by 10%) of the amount of the requested redemption;
- the remaining 50% will be deferred to the next net asset value date.

At the next centralisation, if the redemption orders net of subscriptions (new orders + balance of deferred orders) represent 50% of the subfund's net assets, and the management company decides to cap redemptions at 40%, all orders, including the balance of orders previously deferred, will be 80% honoured (40% divided by 50%).

Institutions designated to receive subscriptions and redemptions and responsible for ensuring compliance with the centralisation cut-off time indicated in the above paragraph:

CACEIS Bank and HSBC Continental Europe for clients for which it ensures custody account-keeping.

Shareholders' attention is drawn to the fact that orders transmitted to distributors other than the institutions mentioned above must take into account the fact that the cut-off time for centralising orders applies to said distributors vis-à-vis CACEIS Bank. Accordingly, its promoters may apply their own cut-off time, prior to the time mentioned above, in order to take into account their deadline for transmitting orders to CACEIS Bank.

Date and frequency of calculation of the net asset value:

Valuation is daily with the exception of public holidays within the meaning of the French Labour Code, and days on which Euronext, Eurex, the Chicago Mercantile Exchange and the London Stock Exchange are closed or not operating. It is carried out at closing prices.

IT shares:

The net asset value is calculated daily with the exception of Saturdays, Sundays, statutory public holidays in France and days on which the French market and Borsa Italiana are closed.

The net asset value of the share is also communicated by Borsa Italiana.

Net asset values may be obtained from the management company at the following address:

HSBC Global Asset Management (France)

Cœur Défense – 110 esplanade du Général de Gaulle – La Défense 4 – 92800 Courbevoie

▶ **Fees and commissions:**

Subscription and redemption fees:

Subscription and redemption fees increase the subscription price paid by the investor or reduce the redemption price. The fees paid to the sub-fund are used to offset the costs incurred by the sub-fund in investing or divesting the assets entrusted. Fees not paid are paid to the management company, the distributor, etc.

Charges billed to the investor, deducted at the time of subscriptions and redemptions	**Base**	**Scale rate**		
		AC, IC and BC shares:	**ZC shares:**	**JC and IT shares:**
Subscription fee not paid into the sub-fund	net asset value × number of shares	3% maximum	6% maximum	None
Subscription fee paid into the sub-fund	net asset value × number of shares	None		
Redemption fee not paid into the sub-fund	net asset value × number of shares	None		
Redemption fee paid into the sub-fund	net asset value × number of shares	None		

UCIs and mandates managed by an HSBC Group entity are exempted from subscription fees.

<u>Exemption</u>: Simultaneous redemption/subscription transactions based on the net asset value of subscription for a zero-balance transaction volume on the same sub-fund are carried out free of charge.

Charges:

Financial management fees and administrative fees external to the management company cover all fees charged directly to the sub-fund, with the exception of transaction fees. Transaction fees include intermediation fees (brokerage, stock exchange taxes, etc.) and transaction fees, where applicable, which may be collected in particular by the custodian and the management company.

In addition to the financial management fees and administrative fees external to the management company:

- *performance fees. These fees are paid to the management company when the sub-fund exceeds its objectives. They are therefore invoiced to the sub-fund;*
- *transaction fees charged to the sub-fund;*
- *a share of the income from temporary purchases and sales of securities.*

In the event of an increase in administrative fees external to the management company equal to or less than 0.10% including tax per year, the sub-fund's shareholders may be informed by any means.

In this case, the management company shall not be required to provide information to shareholders in a particular manner, nor to offer the possibility of redeeming their shares free of charge.

	Charges to the sub-fund	**Base**	**Scale rate**			
			AC shares	**IC, BC and IT shares**	**JC shares:**	**ZC shares:**
1	Financial management fees(*)	Daily net assets	Maximum 1.50% incl. taxes	Maximum 0.75% incl. taxes	Maximum 0.375% incl. taxes	None
2	Operating and other service costs(**)	Daily net assets	AC, IC, BC, JC, ZC shares: Maximum 0.10% incl. taxes IT shares: 0.20%			
3	Maximum indirect charges (commissions and management fees)	Daily net assets	Insignificant*			
4	Transaction fees	Deducted from each transaction	None			
5	Outperformance commission	Daily net assets	None			

** A percentage of the management fees may be retroceded to third-party distributors in return for marketing the sub-fund*

*** Operating and other service costs include:*

I. Fund registration and listing fees:

- costs relating to registration of the sub-fund in other Member States (including costs invoiced by advisors (lawyers, consultants, etc.) for carrying out the marketing formalities in respect of the local regulator on behalf of the SGP);
- listing fees for the sub-fund and publication of net asset values for investors' information;
- distribution platform costs (excluding retrocessions); agents in foreign countries who interface with distribution

II. Client and distributor information costs

- the costs of compiling and distributing DICs/prospectuses and regulatory reports;
- costs relating to the communication of regulatory information to distributors;
- costs of providing information to unitholders by any means;
- information specific to direct and indirect unitholders; Letters to unitholders, etc.;
- website administration costs;
- translation costs specific to the sub-fund.

III. Data costs

- costs of data used for redistribution to third parties;
-- audit and label promotion costs (e.g. SRI label, Greenfin label)

IV. Custodian, legal, audit, tax and other fees.

- statutory audit fees;
- fees related to the custodian;
- fees for delegation of administrative and accounting management;
- tax costs including lawyer and external expert (recovery of withholding taxes on behalf of the fund, local tax agent, etc.);
- legal fees specific to the sub-fund;
-- Costs of creating a new sub-fund depreciable over five years.

V. Fees relating to compliance with regulatory obligations and regulatory reporting
- fees for submitting regulatory reports to the regulator specific to the sub-fund;
- fees for compulsory professional associations
- operating costs for deployment of voting policies at General Meetings

***The sub-fund invests less than 20% in UCIs*

The following costs may be added to the above-listed fees charged to the sub-fund:

- contributions due for the management of the sub-fund pursuant to paragraph 4 of section II of Article L. 621-5-3 of the French Monetary and Financial Code;
- exceptional and non-recurring taxes, levies and government duties (in relation to the sub-fund);
- exceptional and non-recurring costs for the recovery of receivables (e.g. Lehman) or proceedings to assert a right (e.g. class action).

Additional information on temporary purchases and sales of securities:

The management company does not receive any remuneration for these temporary purchases and sales of securities.

The income and income generated by temporary purchases and sales of securities are fully acquired by the sub-fund, after deduction of certain direct and indirect operating costs (particularly the remuneration of the lending agent, depending on the type of transaction).

Operational costs and expenses relating to these transactions may also be borne by the management company not being invoiced to the sub-fund.

For further information, shareholders are invited to refer to the annual report of the sub-fund or the management report of the management company, which will include additional details if the value of these services exceeds 1% of the management company's turnover.

Brief description of the intermediary selection procedure

The management company selects brokers or counterparties according to a procedure in accordance with applicable regulations. As part of this selection, the management company fulfils its best execution obligation at all times.

The objective selection criteria used by the management company specifically include the quality of order executions, the rates applied, and the financial soundness of each broker or counterparty.

The counterparties, investment companies, and service providers of HSBC Global Asset Management (France) are selected according to a specific evaluation process intended to ensure that quality service is provided to the company. This is a key element in the general decision-making process that incorporates the impact of the service quality of the broker across all our departments: Management, Financial and Credit Analysis, Trading and Middle Office.

Counterparty selection can involve an entity linked to the HSBC Group or the UCITS's depositary.

The "Policy of best execution and selection of intermediaries" is detailed on the management company's website.

HSBC RESPONSIBLE INVESTMENT FUNDS - SRI EUROLAND EQUITY

▶ **Date of creation**

The sub-fund was created on 12 July 2019, by merger-absorption of the following mutual fund:

- HSBC SRI Euroland Equity established on 29 December 1995

▶ **ISIN codes:**

AC shares: FR00000437113

IC shares: FR0010250316

ZC shares: FR0010250324

BC shares: FR0013287257

IT share: FR0013234960

SC share: FR0014003KN0

▶ **Classification:**

Equities of eurozone countries

▶ **Investment objective:**

This sub-fund:

☒ Promotes environmental or social characteristics (Article 8 of Regulation (EU) 2019/2088 named Sustainable Finance Disclosure (SFDR)).

☐ Has a sustainable investment objective (Article 9 of Regulation (EU) 2019/2088 named Sustainable Finance Disclosure (SFDR)).

The management objective of the HSBC Responsible Investment Funds - SRI Euroland Equity sub-fund is to maximise performance over a recommended investment period of at least five years by investing in corporate stocks selected on the basis of their good environmental, social, and governance practices and their financial quality.

▶ **Benchmark indicator:**

The HSBC Responsible Investment Funds - SRI Euroland Equity sub-fund has no benchmark.

Indeed, there is no benchmark representative of our management philosophy and therefore our investment universe.

For information purposes, the sub-fund may be compared with the broad indices representative of the equity market of eurozone countries, such as the MSCI EMU (NR) which does not define the investment universe restrictively, but only makes it possible to qualify the market performance of eurozone securities.

Description of the MSCI EMU (NR): a broad index covering more than 300 equities representing the largest stock market capitalisations in the eurozone countries. This index is calculated in euros and net dividends reinvested by Morgan Stanley Capital Index (Datastream code: MSEMUIL(NR)).

Following Brexit, MSCI Limited, as administrator of the MSCI EMU (NR) index, must register with the ESMA pursuant to the regime for recognition of third-country administrators under the Benchmark Regulation.

Further information on the benchmark can be found on the MSCI Limited administrator's website: http://www.msci.com

The management company has a procedure for monitoring the benchmark indices used describing the measures to be implemented in the event of substantial changes to an index or the discontinuation of the provision of this index.

▶ **Investment strategy:**

HSBC Responsible Investment Funds - SRI Euroland Equity is invested in eurozone equities. These companies are selected according to Environmental, Social and Corporate Governance (ESG) criteria, as well as traditional economic and financial criteria. We consider that businesses that meet all these criteria conduct their activities with a genuine long-term development approach.

The minimum extra-financial analysis rate of 90% is applied to the sub-fund's eligible assets.

The process of selecting securities, consisting of two independent and successive stages, is based on non-financial and financial criteria:

1. Non-financial criteria:

The first step in the process consists of selecting the top companies in each sector according to a best-in-class approach and observing environmental, social, and governance (ESG) criteria (for example: Energy, Transport, etc.). Each company will receive four ratings: an E rating, an S rating, a G rating, and an aggregate rating. The first three are provided by external rating agencies, which aim to assess the relevant aspects for the sector to which the rated company belongs.

An exhaustive list of external ESG data providers is available in the ESG Information section of the sub-fund on our website www.assetmanagement.hsbc.fr.

The tobacco and arms sectors are systematically excluded, while the thermal coal sector is partially excluded for electricity generation (companies generating more than 10% of their turnover from electricity generated using thermal coal) and totally excluded for thermal coal extraction companies.

Companies with a proven violation of one of the 10 principles of the United Nations Global Compact or at least two alleged violations are systematically excluded.

A detailed description of the sub-fund’s exclusions is provided in the SFDR appendix to the SICAV’s prospectus.

With regard to governance, aspects such as the structure and representativeness of the Board of Directors, attendance and level of independence of directors, transparency regarding how senior managers are set, the robustness of audit and control processes, and respect for minority shareholders’ rights are systematically analysed. The assessment of the company's performance in these areas will also take into account the country in which the company belongs, the country in which it is listed and/or the country in which it has its registered office, for example. Indeed, corporate governance practices are highly dependent on national legislation. However, they will also be evaluated in accordance with international standards such as the OECD Guidelines.

The Environmental aspects are related to the nature of the company's activity and its sector. Thus, in extractive industries, "utilities" or air transport, the rejection of CO2 emissions directly related to the company's activity is of paramount importance: their non-measurement and non-control may represent a major industrial risk and may result in major financial penalties and/or reputational damage. On the other hand, in the automotive sector or the production of electrical equipment, the company's ability to invest in the development of products and solutions capable of rendering the expected service will be more evaluated, while limiting greenhouse gas emissions in their phase of use: hybrid or electric vehicles, intelligent systems for regulating and optimising energy consumption: “smart grid”. Finally, some sectors have a very limited direct environmental impact such as the media, finance, etc.

The third pillar, Societal, covers concepts related to relations with civil society, staff management, remuneration and training policies, respect for trade union law, and occupational health and safety policies. The very nature of the company's business will strongly affect the nature and relative importance of these practices. Thus, in sectors with a proven hazardous nature such as construction, mining, prevention of workplace accidents and safety are priority criteria. However, in sectors such as telecoms, the fairness of pricing policies applied to customers and the protection of personal data are important issues.

Finally, these three ratings are aggregated to form an ESG rating, making it possible to rank companies. The selection of companies according to these ESG criteria is based on a proprietary ESG analysis model, supplied by data from non-financial rating agencies and internal research.

The securities are rated from 0 to 10. Each stock is attached to one of the 30 ESG sectors that have been determined by the management company from an initial universe consisting of 400 large and mid-cap stocks in the eurozone which are monitored by our financial analysts.

These 30 ESG sectors bring together issuers in groups, for which a weighting of the E, S and G pillars is determined, which is based on the in-depth studies that analysts produce under the responsibility of the Global Head of ESG Research. In order for this to make sense, the ESG scores = X% of the E + Y% rating of the S + Z% of the G rating will be constructed based on X, Y and Z coefficients specific to each sector. For example, the financial sectors will be characterised by a very significant weight given to governance (G): up to 60%, while in sectors with a high environmental impact, the E component could represent up to 50% of the total rating. The weighting of these X, Y and Z coefficients is therefore a reflection of our knowledge of the different business sectors and their respective ESG impacts. It is the result of work that has mobilised our internal research resources as well as academic research.

The SRI universe consists in taking account of ESG criteria and classifying companies into quartiles within each sector. The SRI universe ratings of the HSBC Responsible Investment Funds - SRI Euroland Equity sub-fund are updated each month.

Stocks in the fourth quartile are excluded, but a maximum of 15% of net assets may be invested in stocks in the third quartile and without limitation in stocks in the first and second quartiles.

In accordance with this stock selection methodology, within the same sector, at least 25% of companies are required to be excluded.

The sub-fund’s portfolio must be brought into line with changes in quartiles resulting from changes in ratings within two weeks after the new SRI universes are sent out and at the latest before the end of each calendar month. However, on an exceptional basis, this period may be extended by three additional months, at the manager’s discretion, for companies in the fourth quartile.

The Transparency Code for the HSBC Responsible Investment Funds - SRI Euroland Equity sub-fund is publicly available at www.assetmanagement.hsbc.fr and provides detailed information on the sub-fund’s SRI approach. This SRI information is also available in its annual report.

The management company has also put in place a policy of engagement, notably through presence with companies, visits in the form of individual interviews and the exercise of our voting policy. These policies and the reports concerning engagement activities and the exercise of voting rights are available on the management company’s website (www.assetmanagement.hsbc.fr).

2. Financial criteria:

The second step is dedicated to the selection of securities within this universe, based on purely financial criteria.

The strategy consists in seeking stocks of companies whose current valuation does not reflect the structural profitability that they are likely to generate in normal times. Investment decisions are based on fundamental and valuation analysis.

Exposure to currency risk will not exceed 10% of assets.

▶ **Instruments used:**

Equities:

The portfolio's net assets will be permanently invested and exposed at least 75% to the equity market.

The portfolio will be invested in securities of eurozone countries, of all capitalisations, selected according to ESG criteria.

Investments may be made, on an ancillary basis, on markets outside the eurozone.

Debt securities and money market instruments:

The sub-fund invested in debt securities and money market instruments within a proposed range of 0% to 25%, whose rating will be A1/P1 (Standard & Poor's short-term rating or equivalent or deemed equivalent by the management company and/or long-term equivalent), used to help achieve the investment objective and possibly for cash management.

The management company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of the assets and in the selection of securities to buy or sell.

Shares or units of other UCIs or investment funds (up to 10% of its assets):

To help achieve the management objective and cash management.

☑ UCITS governed by French or foreign law;

☑ General investment fund governed by French law such as equity, bond, short-term money market or mixed funds;

☑ other investment funds: trackers - ETF (Exchange Traded Funds).

The fund manager will invest in investment funds managed or distributed by an HSBC Group entity unless such funds are not eligible or suitable.

Derivatives

Nature of the investment markets:

☑ regulated;

☑ organised;

☑ over the counter.

Risks in which the manager wishes to trade, for the purpose of hedging, exposure and arbitrage of the portfolio:

☑ equity;

☐ interest rates;

☑ foreign exchange;

☐ credit;

☐ other risks (to be specified).

Nature of the operations, with all transactions being limited to the achievement of the management objective:

☑ hedging;

☑ exposure; Due to the use of derivatives, there could be an overall overexposure of 100% to equity risk, which could thus increase the sub-fund's overall exposure to 200%. The derivatives used could be calls/puts on socially responsible securities.

☐ arbitrage;

☐ other type (to be specified).

Nature of instruments used:

☑ futures;

☑ options;

☑ currency swaps; for hedging and/or exposure purposes

☑ currency futures for hedging purposes;

☐ credit derivatives;

☐ other type (to be specified).

The sub-fund will not use TRS (Total Return Swaps).

The strategy for using derivatives to achieve the management objective:

☑General coverage of the portfolio, certain risks, securities, etc.;

☑ reconstitution of synthetic exposure to assets (equities and currencies), risks (equity and foreign exchange);

☑ increase in market exposure and accuracy of the maximum authorised leverage (up to the limit of 2);

☐ other strategy (to be specified).

Counterparties eligible for over-the-counter financial futures transactions shall be selected according to the procedure described in paragraph: "A brief description of the intermediary selection procedure".

Financial guarantees put in place as part of over-the-counter forward financial instruments are subject to a policy on financial guarantees available on the management company's website.

These transactions may be entered into with counterparties selected by the management company from among financial institutions with their registered office in an OECD member country. These counterparties may be affiliated companies of the HSBC Group.

These counterparties must be of good credit quality and in any event the minimum rating is BBB- on the Standard & Poor's scale or equivalent or having a rating deemed equivalent by the management company.

This policy on financial guarantees specifies:

- The discount applicable to financial guarantees. This depends on the volatility of the security, which is characterised by the type of assets received, the rating, the maturity of the security, etc. This discount has the effect of requesting a financial guarantee greater than the market value of the financial instrument.

- Assets accepted as collateral that may consist of cash, government securities, short/medium-term negotiable securities and bonds issued by private issuers.

Financial guarantees other than cash may not be sold, reinvested or pledged. Bonds must have a maximum maturity of 50 years.

Financial guarantees made up of cash must be:

- placed in deposits with credit institutions having its registered office in an OECD Member State or a third State with equivalent prudential rules,
- invested in high-quality government bonds,
- invested in reverse repurchase agreements for which the counterparty is a credit institution subject to prudential supervision, and for which the sub-fund may recall cash at any time,
- invested in short-term money market funds.

The provision of financial guarantees in the form of securities and/or cash is kept in segregated accounts by the custodian.

Securities with embedded derivatives

The sub-fund does not use instruments with embedded derivatives, but the portfolio may hold warrants issued in respect of a security held in the portfolio.

Risks in which the manager wishes to trade:

☑ equity for hedging and exposure purposes;

☐ interest rates;

☐ foreign exchange;

☐ credit;

☐ other risk (to be specified).

Nature of the operations, with all transactions being limited to the achievement of the management objective:

☑ hedging;

☑ exposure;

☐ arbitrage;

☐ other type (to be specified).

Deposits

In accordance with the French Monetary and Financial Code, deposits contribute to achieving the sub-fund's management objective by allowing it to generate cash.

Deposits may represent up to 10% of the sub-fund's net assets.

Cash borrowings

Exceptionally, with the objective of investing in anticipation of a rise in the markets or more temporarily in the context of large redemptions, the manager may borrow cash up to a maximum of 10% of the assets.

Repos and reverse repos

The sub-fund may carry out purchases and sales of securities, up to a limit of 10% of its assets.

Nature of transactions used:

☑ reverse repurchase agreements and repurchase agreements in accordance with the French Monetary and Financial Code;

☐ securities lending and borrowing in accordance with the French Monetary and Financial Code;

☐ other type (to be specified)

Nature of the operations, with all transactions being limited to the achievement of the management objective:

Temporary purchases and sales of securities are carried out as part of the achievement of the management objective and with the aim of achieving the best interest of the sub-fund. Only fixed income instruments may be subject to temporary purchases and sales of securities.

☑ cash management;

☑ optimisation of the sub-fund's income;

☐ potential contribution to the sub-fund's leverage;

☐ Other type (to be specified).

In order to protect against a counterparty's default, temporary purchases and sales of securities may give rise to the provision of financial guarantees in the form of securities and/or cash which are held in segregated accounts by the custodian. These conditions are specified in the paragraph "Derivatives".

These transactions may be entered into with counterparties selected by the management company from among financial institutions with their registered office in an OECD member country. These counterparties may be affiliated companies of the HSBC Group.

These counterparties must be of good credit quality and in any event the minimum rating is BBB- on the Standard & Poor's scale or equivalent or having a rating deemed equivalent by the management company.

The counterparties used and financial guarantees put in place in connection with temporary purchases and sales of securities have the same criteria and characteristics as those described in paragraph 3, "Financial futures and options".

Level of use envisaged: up to 10%

Potential leverage: exercised for the optimisation of dividends

Remuneration: additional information can be found under fees and commissions.

▶ **Risk profile:**

Main risks:

- Risk of capital loss: the sub-fund does not offer any guarantee or capital protection. Investors may therefore not recover all the capital they initially invested.

- Discretionary management risk: the sub-fund's discretionary management style is based on the management company's anticipation of changes in the various markets and securities. There is a risk that the sub-fund may not be invested in the best-performing markets and securities at all times, leading to a weaker performance

- Equity risk: the sub-fund is exposed to equity risk through securities, units or shares of UCIs and/or financial instruments. Equity risk arises because the value of these securities is linked to market fluctuations. In the event that these equity markets decline, the net asset value of the portfolio may drop more significantly than these markets. The sub-fund has the option of investing in small and mid-caps, which may cause the value of the sub-fund to fall more significantly and faster.
Due to the use of derivatives, there could be an overall overexposure of 100% to equity risk, which could thus increase the sub-fund's overall exposure to 200%.

Ancillary risks:

- Currency risk: this is the risk of a decline in the investment currencies against the portfolio's reference currency (Euro). Fluctuations in currencies against the euro may lead to a decline in the value of these instruments and consequently a decrease in the sub-fund's net asset value. The maximum share of the assets exposed to currency risk is 10% of the assets.

- Liquidity risk: the markets on which the sub-fund invests may occasionally and temporarily be affected by a lack of liquidity in certain circumstances or market configurations. These market disruptions may impact the price conditions under which the sub-fund may be required to liquidate, initiate or modify positions and therefore negatively impact the sub-fund's net asset value.

- Risk related to derivative products: the sub-fund may invest up to one time its assets in financial futures. This exposure to markets, assets and indices through forward financial instruments may lead to changes in the net asset value, particularly to significant or faster declines than the variation observed for the underlying assets of these instruments.

- Counterparty risk: the sub-fund is exposed to counterparty risk resulting from the use of over-the-counter financial futures and temporary purchases and sales of securities. This is the risk that the counterparty with which a contract has been entered into will not meet its commitments (delivery, payment, repayment, etc.).

In this case, the counterparty's default could lead to a decrease in the sub-fund's net asset value. This risk is reduced by the establishment of financial guarantees between the sub-fund and the counterparty, such as the exchange of collateral.

- Interest rate risk: the price of fixed-rate bonds and other fixed-income products fluctuates in a direction opposite to that of interest rates. Hence, when interest rates rise, the value of these bonds falls, as does the net asset value. In addition, the manager has the possibility to carry out interest rate arbitrage transactions, meaning that he or she expects the yield curve to deteriorate. However, it may be distorted in a sense that the manager had not anticipated, which could cause a significant decrease in the net asset value.

- Risk related to the management of financial guarantees: the shareholder may be exposed to legal risk (in connection with the legal documentation, the application of the contracts and the limits thereof), operational risk and risk associated with the reuse of cash received as collateral, as the net asset value of the sub-fund may change depending on the fluctuation in the value of the securities acquired by investing the cash received as collateral. In the event of exceptional market circumstances, the shareholder may also be exposed to liquidity risk resulting in, for example, difficulties in trading certain securities.

- Credit risk: the sub-fund is exposed to credit risk, which is understood as the risk that a debt purchased from a counterparty may not be repaid or that the counterparty's rating is downgraded (change in the rating to a lower rating) and therefore loses some or all of its value.

The management company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of the assets and in the selection of securities to buy or sell.

The risk factors set out above are not exhaustive. It is the responsibility of each investor to analyse the risk inherent in such an investment and to forge their own opinion independently of the HSBC Group by relying, if necessary, on the advice of all specialist advice on such matters in order to ensure, in particular, that this investment is appropriate to their financial situation.

Integration of sustainability risks in investment decisions and likely impact of sustainability risks on performance

1. As a financial market participant, the management company is subject to Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (or "SFDR regulation").

As such, it has put in place a policy for integrating sustainability risks in its investment decision-making processes.

Sustainability risk is 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.

The sustainability risk policy is centred on the ten principles of the United Nations Global Compact ("UNGC"), which defines the key areas of financial and non-financial risk: human rights, labour, environment and anti-corruption. The management company relies on service providers to identify companies that perform poorly in these areas and, if potential sustainability risks are identified, it then conducts its own checks. The management company's strategy involves monitoring sustainability risks on an ongoing basis.

The management company acts in the best interest of investors. Over time, sustainability risks can influence the performance of UCIs through their investment with regard to emissions by companies, sectors, regions and asset classes. Although the UCIs have their own management strategy, the management company's objective is to generate competitive returns for investors while taking their risk profile into account. To do so, it conducts an in-depth financial analysis and a comprehensive sustainability risk assessment as part of its broader risk assessment for each UCI.

The sustainability risk policy can be found on the management company's website: www.assetmanagement.hsbc.fr.

2. Companies that properly manage sustainability risks are better positioned to anticipate future sustainability risks and opportunities. This makes them strategically more resilient and thus able to anticipate and adapt to long-term risks and opportunities. Likewise, when they are not properly managed, sustainability risks can have negative impacts on the value of the underlying company

or the competitiveness of a country that issues sovereign bonds. Sustainability risks can take different forms for the companies or governments in which the UCIs invest, such as: (i) a decline in turnover due to changing consumer preferences, negative impacts on the workforce, social unrest and a decline in production capacity; (ii) higher capital/operating costs; (iii) the depreciation and anticipated retirement of existing assets; (iv) reputational damage due to fines and court orders and the loss of the right to engage in its activity; and (v) sovereign bond market and credit risk. All these risks could potentially affect the UCIs' performance.

The potential impacts of sustainability risks on the UCIs' performance will also depend on the investments made by these UCIs and the materiality of the sustainability risks. The likelihood that sustainability risks will occur should be mitigated by their integration in the investment decision-making procedure. The potential impacts of sustainability risks on the performance of UCIs that use ESG criteria are further mitigated. However, there is no guarantee that these measures will completely mitigate or prevent the occurrence of sustainability risks for these UCIs. As a result, the likely impact on UCIs' performance of an actual or potential material decline in the value of an investment due to a sustainability risk will vary and depend on several factors.

3. The sub-fund takes sustainability risks into consideration in the investment decision-making process. The management company integrates sustainability risks by identifying the ESG factors likely to have a material financial impact on an investment's performance. Exposure to a sustainability risk does not necessarily mean that the management company will refrain from taking or maintaining a position. Rather, it means that the management company will take into consideration sustainability risk assessments as well as other material factors in the context of the company in which it is investing or the issuer, the investment objective and the investment strategy of the sub-fund.

4. The sub-fund may invest in derivatives. In that case, it is more difficult to take sustainability risks into account as the sub-fund does not invest directly in the underlying asset. As of the date of the prospectus, no ESG integration methodology can be applied to derivatives.

5. A detailed description of the sub-fund's consideration of principal adverse impacts on sustainability factors is provided in the SFDR appendix to the prospectus.

The provisions of the SFDR are supplemented by those of Regulation (EU) 2020/852 of 18 June 2020, known as the Taxonomy Regulation. It establishes an EU-wide classification system intended to provide businesses and investors with a common language to identify to what degree economic activities can be considered environmentally sustainable.

To be sustainable, an economic activity must meet the sustainability criteria of the Taxonomy Regulation, including doing no significant harm to any of the environmental objectives set out in this Regulation.

The principle of "do no significant harm" applies only to the investments that take into account the European Union's criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the sub-fund do not take into account the EU criteria for environmentally sustainable economic activities.

The sub-fund does not commit to making investments that contribute to the following environmental objectives:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control; and
- the protection and restoration of biodiversity and ecosystems.

▶ **Guarantee or protection:**

None

▶ **Relevant subscribers and typical investor profile:**

AC shares: all subscribers

IC shares: all subscribers but especially institutional investors.

ZC shares: reserved for UCIs and mandates of HSBC Global Asset Management (France), excluding FCPEs and feeder AIFs.

BC shares: the subscription of BC shares is subject to a specific remuneration agreement between the subscriber and the distributor or portfolio manager.

IT shares: reserved for the ATFund market (multilateral trading platform - MTF) of the Italian Stock Exchange.

SC share: all subscribers but especially institutional investors.

This product is especially intended for subscribers interested in choosing a product invested in companies that meet high standards in the field of Sustainable Development while maintaining a performance objective equivalent to traditional equity funds over the long term.

The minimum recommended investment period is 5 years.

Shareholders are therefore invited to contact their relationship manager or usual advisor if they wish to conduct an analysis of their personal situation. This analysis may, depending on the case, be invoiced to them by their advisor and cannot under any circumstances be borne by the sub-fund or the management company.

Provisional measures prohibiting subscriptions to the sub-fund from 12 April 2022:

From 12 April 2022, pursuant to EU regulation no. 833/2014 as amended and EU regulation no. 765/2006 as amended, the subscription of shares in this sub-fund is prohibited to any Russian or Belarusian national, to any natural person residing in Russia or Belarus or to any legal person, entity or organisation established in Russia or Belarus except for nationals of a Member State of the European Union (EU) and natural persons holding a temporary or permanent residence permit in a Member State of the European Union (EU).

In all cases, it is strongly recommended that investments be sufficiently diversified so that they are not exposed solely to the risks of this sub-fund.

▶ **Methods for determining and allocating distributable amounts:**

In accordance with regulatory provisions, net income for the fiscal year is equal to the amount of interest, arrears, dividends, premiums and bonuses, directors' fees, and any other income related to the securities comprising the sub-fund's portfolio, plus the income from any amounts temporarily available, less management fees and borrowing costs.

The amounts distributable by an undertaking for collective investment in transferable securities consist of:

1. Retained earnings added to net income, and the balance of accrued income added or subtracted as appropriate;

2. Capital gains realised, net of costs, minus realised losses, net of costs, recognised during the fiscal year, plus net gains of the same type recognised in previous fiscal years that were not distributed or accumulated, plus or minus the balance of accrued gains.

The amounts mentioned in no. 1 and 2 may be distributed, in whole or in part, independently of each other.

Distributable amounts	Equities
Net income (1)	Accumulation
Net realised capital gains (2)	Accumulation

Share characteristics:

The shares are denominated in euros.

Subscriptions and redemptions may be made in thousandths of shares or in amount.

For IT shares, subscriptions and redemptions are made exclusively in whole shares, with the minimum subscription amount being one share. Subscriptions and redemptions in amounts are not authorised.

Initial net asset value of the absorbed mutual fund:

AC shares: €15.24

IC shares: €100

ZC shares: €100

BC shares: €1,000

IT shares: €10

SC shares: €1,000

Minimum initial subscription amount:

AC shares: 1 thousandth of a share

IC shares: €100,000

ZC shares: one share

BC shares: 1 thousandth of a share

IT shares: one share

SC shares: €30,000,000

The switch from one share class to another or from one sub-fund to another is considered a disposal and is therefore liable to be subject to tax.

Subscription and redemption procedures:

Orders are executed in accordance with the table below:

Trading day (D)	Trading day (D)	D: NAV calculation date	D+1 trading day	D+1 trading day	D+1 trading day
Centralisation before 12 noon of subscription orders*	Centralisation before 12 noon of redemption orders*	Order execution no later than D	Publication of the net asset value	Settlement of subscriptions	Settlement of redemptions

*Except for any specific period agreed with your financial institution

Subscription and redemption requests are centralised every day at 12 noon, Paris time. They are executed on the basis of the net asset value calculated at the day's closing prices.

Subscription and redemption requests received after 12 noon will be executed on the basis of the net asset value calculated on the closing prices of the next trading day. Subscription and redemption requests received on a non-trading day are executed on the basis of the net asset value calculated on the closing prices of the next trading day.

Subscribers are invited to send their instructions to their financial intermediary sufficiently in advance to allow them to be transmitted before the deadline at 12 noon.

Terms of subscription and redemption of IT shares:

Orders are executed in accordance with the table below:

Trading day (D)	Trading day (D)	D: NAV calculation date	D+1 trading day	D+3 trading days	D+3 trading days
Centralisation before 11.00 am of subscription orders*	Centralisation before 11.00 am of redemption orders*	Order execution no later than D	Publication of the net asset value	Settlement of subscriptions	Settlement of redemptions

*Except for any specific period agreed with your financial institution.

Subscriptions and redemptions are pooled each day by 11 a.m. (Paris time) at the latest. They shall be executed by reference to the Fund's net asset value as calculated and published on the following trading day (D+1) on the basis of the closing prices on the request pooling day (D).

Settlements relating to subscription and redemption requests are carried out on the third trading day following the centralisation date.

We recommend that you find out about the operating rules set out by this Listing Market, in accordance with local regulations, or that you contact your usual advisor.

Technical centralisation: for feeder AIFs (only) of the "HSBC Responsible Investment Funds - SRI Euroland Equity" sub-fund, the time for centralising subscriptions and redemptions is 12.30 pm (Paris time).

Institutions designated to receive subscriptions and redemptions and responsible for ensuring compliance with the centralisation cut-off time indicated in the above paragraph:

CACEIS Bank and HSBC Continental Europe for clients for which it ensures custody account-keeping.

Shareholders' attention is drawn to the fact that orders transmitted to distributors other than the institutions mentioned above must take into account the fact that the cut-off time for centralising orders applies to said distributors vis-à-vis CACEIS Bank. Accordingly, its promoters may apply their own cut-off time, prior to the time mentioned above, in order to take into account their deadline for transmitting orders to CACEIS Bank.

Date and frequency of calculation of the net asset value:

The valuation is daily with the exception of Saturdays, Sundays, legal holidays in France and days on which the French stock market is closed. It is carried out at closing prices.

IT shares:

The net asset value is calculated daily with the exception of Saturdays, Sundays, statutory public holidays in France and days on which the French market and the Italian Stock Exchange are closed. The net asset value of the share is also communicated by the Italian Stock Exchange.

Net asset values may be obtained from the management company at the following address:

HSBC Global Asset Management (France)

Cœur Défense – 110 esplanade du Général de Gaulle – La Défense 4 – 92800 Courbevoie

▶ **Fees and commissions:**

Subscription and redemption fees:

Subscription and redemption fees increase the subscription price paid by the investor or reduce the redemption price. The fees paid to the sub-fund are used to offset the costs incurred by the sub-fund in investing or divesting the assets entrusted. Fees not paid are paid to the management company, the distributor, etc.

Charges billed to the investor, deducted at the time of subscriptions and redemptions	**Base**	**Scale rate**			
		AC, IC and SC shares:	**ZC shares:**	**BC shares:**	**IT shares:**
Subscription fee not paid into the sub-fund	net asset value × number of shares	3% maximum	5% maximum	3% maximum	None
Subscription fee paid into the sub-fund	net asset value × number of shares	None			
Redemption fee not paid into the sub-fund	net asset value × number of shares	None			
Redemption fee paid into the sub-fund	net asset value × number of shares	None			

UCIs and mandates managed by an HSBC Group entity are exempted from subscription fees.

Exemption: Simultaneous redemption/subscription transactions based on the net asset value of subscription for a zero-balance transaction volume on the same sub-fund are carried out free of charge.

Charges:

Financial management fees and administrative fees external to the management company cover all fees charged directly to the sub-fund, with the exception of transaction fees. Transaction fees include intermediation fees (brokerage, stock exchange taxes, etc.) and transaction fees, where applicable, which may be collected in particular by the custodian and the management company.

In addition to the financial management fees and administrative fees external to the management company:

- performance fees. These fees are paid to the management company when the sub-fund exceeds its objectives. They are therefore invoiced to the sub-fund;

- transaction fees charged to the sub-fund;
- a share of the income from temporary purchases and sales of securities.

In the event of an increase in administrative fees external to the management company equal to or less than 0.10% including tax per year, the sub-fund's shareholders may be informed by any means.

In this case, the management company shall not be required to provide information to shareholders in a particular manner, nor to offer the possibility of redeeming their shares free of charge.

	Charges to the sub-fund	**Base**	**Scale rate**				
			AC shares:	**SC shares:**	**ZC shares:**	**IC and BC shares:**	**IT shares:**
1	Financial management fees(*)	Daily net assets	Maximum 1.50% incl. taxes	Maximum 0.60% incl. taxes	None	Maximum 0.75% incl. taxes	Maximum 0.75% incl. taxes
2	Operating and other service costs(**)	Daily net assets	Maximum 0.10% incl. taxes				Maximum 0.20 % incl. taxes
3	Maximum indirect charges (commissions and management fees)	Daily net assets	Insignificant*				
4	Transaction fees	Deducted from each transaction	None				
5	Outperformance commission	Daily net assets	None				

** A percentage of the management fees may be retroceded to third-party distributors in return for marketing the sub-fund*

*** Operating and other service costs include:*

I. Fund registration and listing fees:

- costs relating to registration of the sub-fund in other Member States (including costs invoiced by advisors (lawyers, consultants, etc.) for carrying out the marketing formalities in respect of the local regulator on behalf of the SGP);
- listing fees for the sub-fund and publication of net asset values for investors' information;
- distribution platform costs (excluding retrocessions); agents in foreign countries who interface with distribution

II. Client and distributor information costs

- the costs of compiling and distributing DICs/prospectuses and regulatory reports;
- costs relating to the communication of regulatory information to distributors;
- costs of providing information to unitholders by any means;
- information specific to direct and indirect unitholders; Letters to unitholders, etc.;
- website administration costs;
- translation costs specific to the sub-fund.

III. Data costs

- costs of data used for redistribution to third parties;
-- audit and label promotion costs (e.g. SRI label, Greenfin label)

IV. Custodian, legal, audit, tax and other fees.

- statutory audit fees;
- fees related to the custodian;
- fees for delegation of administrative and accounting management;
- tax costs including lawyer and external expert (recovery of withholding taxes on behalf of the fund, local tax agent, etc.);
- legal fees specific to the sub-fund;
-- Costs of creating a new sub-fund depreciable over five years.

V. Fees relating to compliance with regulatory obligations and regulatory reporting

- fees for submitting regulatory reports to the regulator specific to the sub-fund;
- fees for compulsory professional associations
- operating costs for deployment of voting policies at General Meetings

***The sub-fund invests less than 20% in UCIs*

The following costs may be added to the above-listed fees charged to the sub-fund:

- contributions due for the management of the sub-fund pursuant to paragraph 4 of section II of Article L. 621-5-3 of the French Monetary and Financial Code;
- exceptional and non-recurring taxes, levies and government duties (in relation to the sub-fund);
- exceptional and non-recurring costs for the recovery of receivables (e.g. Lehman) or proceedings to assert a right (e.g. class action).

Additional information on temporary purchases and sales of securities:

The management company does not receive any remuneration for these temporary purchases and sales of securities.

The income and income generated by temporary purchases and sales of securities are fully acquired by the sub-fund, after deduction of certain direct and indirect operating costs (particularly the remuneration of the lending agent, depending on the type of transaction).

Operational costs and expenses relating to these transactions may also be borne by the management company not being invoiced to the sub-fund.

For further information, shareholders are invited to refer to the annual report of the sub-fund or the management report of the management company, which will include additional details if the value of these services exceeds 1% of the management company's turnover.

Brief description of the intermediary selection procedure

The management company selects brokers or counterparties according to a procedure in accordance with applicable regulations. As part of this selection, the management company fulfils its best execution obligation at all times.

The objective selection criteria used by the management company specifically include the quality of order executions, the rates applied, and the financial soundness of each broker or counterparty.

The counterparties, investment companies, and service providers of HSBC Global Asset Management (France) are selected according to a specific evaluation process intended to ensure that quality service is provided to the company. This is a key element in the general decision-making process that incorporates the impact of the service quality of the broker across all our departments: Management, Financial and Credit Analysis, Trading and Middle Office.

Counterparty selection can involve an entity linked to the HSBC Group or the UCITS's depositary.

The "Policy of best execution and selection of intermediaries" is detailed on the management company's website.

HSBC RESPONSIBLE INVESTMENT FUNDS - SRI EURO BOND

▶ Date of creation

The sub-fund was created on 12 July 2019, by merger-absorption of the following mutual fund:

- HSBC SRI Euro Bond formed on 12 March 2004

▶ ISIN codes:

AC shares: FR0010061283

AD shares: FR0011332733

IC shares: FR0010489567

ZC shares: FR0013015542

BC shares: FR0013287232

IT shares: FR0013234937

▶ Classification:

Bonds and other debt securities in euros

▶ Investment objective:

This sub-fund:

☒ Promotes environmental or social characteristics (Article 8 of Regulation (EU) 2019/2088 named Sustainable Finance Disclosure (SFDR)).

☐ Has a sustainable investment objective (Article 9 of Regulation (EU) 2019/2088 named Sustainable Finance Disclosure (SFDR)).

The management objective is the long-term appreciation of the invested capital by primarily selecting bonds issued by companies or countries in a universe of issues that meet economic, environmental, social, and governance, and socially responsible criteria.

▶ Benchmark indicator:

This sub-fund does not have a benchmark.

The Bloomberg Capital Euro Aggregate 500MM index may, however, be used for indicative purposes. This sub-fund is actively managed, meaning that it may have a different performance and risk profile than that index. As a result, the index mentioned above is only a comparison with the performance of the sub-fund.

Bloomberg Capital Euro Aggregate 500MM:

This index comprises all fixed rate bonds denominated in euros, with a residual maturity of more than one year at the time of rebalancing, with at least €500 million in outstandings and with an investment grade rating.

Following Brexit, Bloomberg Fixed Income Indices, as administrator of the Bloomberg Capital Euro Aggregate 500MM index, must register with the ESMA pursuant to the regime for recognition of third-country administrators under the Benchmark Regulation.

Additional information on the benchmark index is available on the administrator's website: https://www.bloomberg.com/professional/product/indices/bloomberg-fixed-income-indices/#/

The management company has a procedure for monitoring the benchmark indices used describing the measures to be implemented in the event of substantial changes to an index or the discontinuation of the provision of this index.

▶ **Investment strategy:**

The sub-fund will be invested in bonds and debt securities through an issue universe that meets socially responsible economic, environmental, social and governance (ESG) criteria.

The minimum extra-financial analysis rate of 90% is applied to the sub-fund's eligible assets.

The process of selecting securities, consisting of two independent and successive stages, is based on non-financial and financial criteria:

1. <u>Non-financial criteria</u>

The first step in the process consists of following Environmental, Social and Corporate Governance ("ESG") criteria:

- For public or private listed corporate issues: select, within each sector and using a "Best in Class" approach, those with the best ESG practices (for example: Energy, Transport, etc.), and
- For government issues (bonds), to be selected according to an ESG Selection approach, in euro-issued countries, countries with a minimum ESG rating according to the extra-financial rating agency ISS-Oekom.

The tobacco and arms sectors are systematically excluded, while the thermal coal sector is partially excluded for electricity generation (companies generating more than 10% of their turnover from electricity generated using thermal coal) and totally excluded for thermal coal extraction companies. Companies with a proven violation of one of the 10 principles of the United Nations Global Compact or at least two alleged violations are systematically excluded.

A detailed description of the sub-fund's exclusions is provided in the SFDR appendix to the SICAV's prospectus.

<u>The best-in-class approach</u> consists in assessing each company and then ranking them.

<u>To begin with</u>, each company will receive four ratings: an E rating, an S rating, a G rating, and an aggregate rating. The first three are provided by external rating agencies, which aim to assess the relevant aspects for the sector to which the rated company belongs.

An exhaustive list of external ESG data providers is available in the ESG Information section of the sub-fund on our website www.assetmanagement.hsbc.fr.

With regard to governance, aspects such as the structure and representativeness of the Board of Directors, attendance and level of independence of directors, transparency regarding how senior managers are set, the robustness of audit and control processes, and respect for minority shareholders' rights are systematically analysed. The assessment of the company's performance in these areas will also take into account the country in which the company belongs, the country in which it is listed and/or the country in which it has its registered office, for example. Indeed, corporate governance practices are highly dependent on national legislation. However, they will also be evaluated in accordance with international standards such as the OECD Guidelines.

The Environmental aspects are related to the nature of the company's activity and its sector. Thus, in extractive industries, "utilities" or air transport, the rejection of CO2 emissions directly related to the company's activity is of paramount importance: their non-measurement and non-control may represent a major industrial risk and may result in major financial penalties and/or reputational damage. On the other hand, in the automotive sector or the production of electrical equipment, the company's ability to invest in the development of products and solutions capable of rendering the expected service will be more evaluated, while limiting greenhouse gas emissions in their phase of use: hybrid or electric vehicles, intelligent systems for regulating and optimising energy consumption: “smart grid”. Finally, some sectors have a very limited direct environmental impact such as the media, finance, etc.

The third pillar, Societal, covers concepts related to relations with civil society, staff management, remuneration and training policies, respect for trade union law, and occupational health and safety policies. The very nature of the company's business will strongly affect the nature and relative importance of these practices. Thus, in sectors with a proven hazardous nature such as construction, mining, prevention of workplace accidents and safety are priority criteria. However, in sectors such as telecoms, the fairness of pricing policies applied to customers and the protection of personal data are important issues.

Finally, these three ratings are aggregated to form an ESG rating, making it possible to rank companies. The selection of companies according to these ESG criteria is based on a proprietary ESG analysis model, supplied by data from non-financial rating agencies and internal research.

The securities are rated from 0 to 10. Each security is attached to one of the 30 ESG sectors plus a default sector that have been determined by the management company from the Bloomberg Euro Aggregate 500MM segmentation in order to facilitate their integration into existing segmentations.

These 30 ESG sectors bring together issuers in groups, for which a weighting of the E, S and G pillars is determined, which is based on the in-depth studies that analysts produce under the responsibility of the Global Head of ESG Research. In order for this to make sense, the ESG scores = X% of the E + Y% rating of the S + Z% of the G rating will be constructed based on X, Y and Z coefficients specific to each sector. For example, the financial sectors will be characterised by a very significant weight given to governance (G): up to 60%, while in sectors with a high environmental impact, the E component could represent up to 50% of the total rating. The weighting of these X, Y and Z coefficients is therefore a reflection of our knowledge of the different business sectors and their respective ESG impacts. It is the result of work that has mobilised our internal research resources as well as academic research.

The SRI universe consists in taking account of ESG criteria and classifying companies into quartiles within each sector. The SRI universe ratings of the HSBC Responsible Investment Funds - SRI Euro Bond sub-fund are updated each month.

Stocks in the fourth quartile are excluded, but a maximum of 10% of net assets and eight issuers may be invested in stocks in the third quartile and without limitation in stocks in the first and second quartiles.

In accordance with this stock selection methodology, within the same sector, at least 25% of companies are required to be excluded.

The sub-fund’s portfolio must be brought into line with changes in quartiles resulting from changes in ratings within two weeks after the new SRI universes are sent out and at the latest before the end of each calendar month. However, on an exceptional basis, this period may be extended by three additional months, at the manager’s discretion, for companies in the fourth quartile.

The Transparency Code for the HSBC Responsible Investment Funds - SRI Euro Bond sub-fund is publicly available at www.assetmanagement.hsbc.fr/fr and provides detailed information on the sub-fund’s SRI approach. This SRI information is also available in its annual report.

The ESG selection approach used to select government issues (bonds) consists in ranking euro-issuing countries according to their overall “ESG” rating , which is based 50% on the Environmental pillar (E) and 50% on the Social/Governance pillar (S/G). The Social and Governance pillar includes analysis of the political system and governance, human rights and fundamental freedoms, and social conditions. The Environmental pillar includes analysis of natural resources, climate change and energy, production, and sustainable consumption.
The manager uses the ESG Selection approach to select the euro-issuing countries with a minimum ESG rating according to the non-financial rating agency ISS-Oekom.

The manager selects the countries with a minimum ESG rating according to the non-financial rating agency ISS-Oekom. The scores resulting from the analysis by the non-financial rating agency ISS-Oekom range from A+ to D-. The SRI strategy consists in selecting from among the issuing countries those with a minimum ESG rating. Thus:

- for countries rated between A+ and B-, there are no investment constraints.
- for countries rated C+, the weight of these States in the portfolio cannot exceed the representative weight of these countries in the Bloomberg Capital Euro Aggregate 500MM index.
- for countries rated between C and D-, investments are not permitted.

The rating of issuing countries is reviewed on an annual basis.

The Transparency Code for the HSBC Responsible Investment Funds - SRI Euro Bond sub-fund is available online at www.assetmanagement.hsbc.fr and provides detailed information on the sub-fund's SRI approach. This SRI information is also available in its annual report.

The management company has also put in place a policy of engagement, notably through presence with companies, visits in the form of individual interviews and the exercise of our voting policy. These policies and the reports concerning engagement activities and the exercising of voting rights are available on the management company's website (www.assetmanagement.hsbc.fr/fr).

The sub-fund may invest up to 10% in stocks not rated according to Environmental, Social, and Governance criteria.

2. Financial criteria

Management will benefit from the following sources of performance:

- 1- *active management of interest rate risk*, which is broken down into sensitivity management and curve strategies. The overall sensitivity of the sub-fund and the curve strategy are decided on the basis of the management team's market expectations regarding interest rate trends (in the event of a rise in interest rates, the value of fixed-rate bonds falls) and the deformation of the yield curve (exposure to specific yield curve points to take advantage of the flattening, steepening or curvature of the yield curve).

- 2- *active credit risk management*, which is broken down into a credit allocation: this allocation between government and non-governmental issuers depends on the relative value analysis of non-governmental securities carried out by the management team and based on qualitative and quantitative data to assess a security's relative price: our valuation of the security's value is compared with its market price.

Rigorous selection of issuers based on their risk-return profile, with the aim of minimising risk with equal return. This selection is based on in-depth knowledge of issuers, linked to the expertise of our team of credit analysts:

- Good sector and issuer diversification (a precise monitoring of the breakdown of securities by type of asset (corporate bonds, ABS, etc.), sector (underlying ABS and industries) and rating. Tobacco and arms sectors are systematically excluded, as are all companies with a proven violation of one of the 10 principles of the United Nations Global Compact or of at least two alleged violations.
- The sub-fund's assets are invested in the following types of assets: Fixed-rate bonds and other negotiable debt securities including short/medium-term negotiable securities, EMTNs, up to 100% of the assets, the proposed holding range being 60% to 100%;
- Floating-rate and/or inflation-linked bonds, up to 100% of the assets, with the proposed holding range of 0% to 25%;
- Securitisation vehicles and mortgage bonds, up to 100% of the assets, the proposed holding range being 0% to 30%.
- Private debt can account for 100% of assets.

However, depending on market conditions, the manager may choose to deviate significantly from the ranges indicated above, while nevertheless complying with regulatory provisions.

The sub-fund is primarily invested in issuers belonging to the investment grade rating category: issuers rated at least BBB- by Standard and Poor's or equivalent, or deemed equivalent by the management company, at the time of acquisition.

The management company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of the assets and in the selection of securities to buy or sell.

The manager may also decide to invest less than 10% of the assets in UCITS and ETFs (Exchange Traded Funds).

The fund manager will invest in investment funds managed or distributed by an HSBC Group entity unless such funds are not eligible or suitable.

The Fund's range of sensitivity is 0 to +10. The sensitivity of a bond corresponds to the price variation of this bond when the interest rates vary.

The manager may invest in securities denominated in currencies other than the euro. However, exposure to currency risk must remain incidental.

▶ **Instruments used:**

Equities:

None

Debt securities and money market instruments:

The sub-fund's assets are invested in the following debt securities and money market instruments:

- Fixed-rate bonds and other short/medium-term negotiable securities (including EMTNs), up to 100% of the assets, with the proposed holding range of 60% to 100%;
- Floating-rate and/or inflation-linked bonds, up to 100% of assets, with the proposed holding range of 0% to 25%;
- Securitisation vehicles and mortgage bonds, up to 100% of the assets, the proposed holding range being 0% to 30%.

However, depending on market conditions, the manager may choose to deviate significantly from the ranges indicated above, while nevertheless complying with regulatory provisions.

- Distribution of private/public debt: Up to 100% private debt

- Level of credit risk envisaged at purchase: Up to BBB- long term or A-3 short term by Standard and Poor's or equivalent or deemed equivalent by the management company

- Existence of rating criteria: Yes, limited to BBB- or A-3 (Standard and Poor's or equivalent, or deemed equivalent by the management company) on purchase.

The management company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of the assets and in the selection of securities to buy or sell.

Duration: there is no constraint on the duration of individual securities. The Fund's range of sensitivity is 0 to +10.

Shares or units of other UCIs or investment funds

Authorised level of use: up to 10% of assets

To help achieve the management objective and cash management.

☑ UCITS governed by French or foreign law;

☑ General investment fund governed by French law or AIF governed by foreign law;

☑ other investment funds: "trackers" - ETF (Exchange Traded Funds).

The fund manager will invest in investment funds managed or distributed by an HSBC Group entity unless such funds are not eligible or suitable.
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Derivatives

Authorised level of use: up to 100% of assets

Nature of the investment markets:

☑ regulated;

☑ organised;

☑ over the counter.

Risks in which the manager wishes to trade:

☐ equity;

☑ interest rates;

☑ foreign exchange;

☑ credit;

☐ other risks (to be specified).

Nature of the operations, with all transactions being limited to the achievement of the management objective:

☑ hedging;

☑ exposure;

☑ arbitrage; simultaneous long and short positions are taken on various points of the yield curve in order to benefit from a deformation of the yield curve (flattening, steepening and curvature) while maintaining the total sensitivity of these positions at 0. Curve arbitrage is one of the fund's performance drivers.

The intensity of curve arbitrage decisions is measured using the methodology of the risk units to determine, for each portfolio, the expected breakdown of ex-ante tracking error by risk factor (duration, curve arbitrage, credit allocation, sector selection and stock selection) and the average size of the active exposures required according to the relative contribution of each source of performance.

The manager may implement credit arbitrage strategies, notably using CDS-type credit derivatives.

☐ other type (to be specified)

Nature of instruments used:

☑ futures (regulated markets): on European government bonds, on notional SWAP for exposure or hedging purposes

☑ options on futures and securities (regulated markets): on European government bonds, on notional SWAP for exposure or hedging purposes

☑ options on securities (over-the-counter markets): on European government bonds for exposure or hedging purposes

☑ swaps (over-the-counter instruments): the fund manager may use interest rate swaps for exposure or hedging purposes;

☑ currency futures (over-the-counter instruments) for the purpose of exposure or hedging against currency risk for investors in euros;

☑ credit derivatives: for the purpose of exposure, arbitrage and hedging; mainly single name CDS; Indices (iTraxx, CDX in particular) and sub-sector CDS indices; Tranches of indices; CDOs, CLOs (senior and mezzanine tranches);

Credit derivatives make it possible to easily and efficiently translate the management company's fundamental expectations on the credit market. They are used as part of directional strategies (hedging or exposure to changes in credit spreads) and arbitrage strategies (use of credit market inefficiencies).

The sub-fund will not use TRS (Total Return Swaps).

The strategy for using derivatives to achieve the management objective:

☑ General portfolio coverage, certain risks, securities, etc.;

☑ reconstitution of synthetic exposure to assets and risks;

☑ increase in market exposure and accuracy of the maximum authorised leverage (up to 100% of assets, or leverage of 2);

☐ other strategy (to be specified).

Counterparties eligible for over-the-counter financial futures transactions shall be selected according to the procedure described in paragraph: A brief description of the intermediary selection procedure.

Financial guarantees put in place as part of over-the-counter forward financial instruments are subject to a policy on financial guarantees available on the management company's website.

These transactions may be entered into with counterparties selected by the management company from among financial institutions with their registered office in an OECD member country. These counterparties may be affiliated companies of the HSBC Group.

These counterparties must be of good credit quality and in any event the minimum rating is BBB- on the Standard & Poor's scale or equivalent or having a rating deemed equivalent by the management company.

This policy on financial guarantees specifies:

- The discount applicable to financial guarantees. This depends on the volatility of the security, which is characterised by the type of assets received, the rating, the maturity of the security, etc. This discount has the effect of requesting a financial guarantee greater than the market value of the financial instrument.

- Assets accepted as collateral that may consist of cash, government securities, short-term negotiable securities and debt securities/bonds issued by private issuers.

Financial guarantees other than cash may not be sold, reinvested or pledged. Bonds must have a maximum maturity of 50 years.

Securities received as financial collateral may not be sold, reinvested or pledged as collateral. These securities must be liquid, transferable at any time and diversified, and must be issued by high-quality issuers that are not an entity of the counterparty or its group. Discounts may be applied to collateral received; they take into account the credit quality and price volatility of the securities.

Financial guarantees made up of cash must be:

- placed in deposits with credit institutions having its registered office in an OECD Member State or a third State with equivalent prudential rules,

- invested in high-quality government bonds,

- invested in reverse repurchase agreements for which the counterparty is a credit institution subject to prudential supervision, and for which the sub-fund may recall cash at any time,

- invested in short-term money market UCIs.

The provision of financial guarantees in the form of securities and/or cash is kept in segregated accounts by the custodian.

Securities with embedded derivatives

Authorised level of use: up to 100% of assets, with expected holding range of 0 to 50%.

Risks in which the manager wishes to trade:

☐ equity;

☑ interest rates;

☑ foreign exchange;

☑ credit;

☐ other risk (to be specified).

Nature of the operations, with all transactions being limited to achieving the investment objective. :

☑ hedging;

☑ exposure;

☑ arbitrage;

☐other type (to be specified).

Nature of instruments used: EMTN, callable/puttable bonds

Embedded derivatives are used as an alternative to direct intervention on pure derivatives.

Deposits

In accordance with the French Monetary and Financial Code, deposits contribute to achieving the sub-fund's management objective by allowing it to generate cash.

Deposits may represent up to 10% of the sub-fund's net assets.

Cash borrowings

Exceptionally, with the objective of investing in anticipation of a rise in the markets or more temporarily in the context of large redemptions, the manager may borrow cash up to a maximum of 10% of the assets.

Repos and reverse repos

The sub-fund may, on an exceptional basis, carry out temporary purchases and sales of securities.

Nature of transactions used:

☑ reverse repurchase agreements and repurchase agreements in accordance with the French Monetary and Financial Code;

☐ securities lending and borrowing in accordance with the French Monetary and Financial Code;

☐ other type (to be specified).

Nature of the operations, with all transactions being limited to the achievement of the management objective:

☑ cash management;

☑ optimisation of the sub-fund’s income;

☑ potential contribution to the sub-fund’s leverage;

☐ Other type (to be specified).

Temporary purchases and sales of securities are carried out as part of the achievement of the management objective and with the aim of achieving the best interest of the sub-fund. Only fixed income instruments may be subject to temporary purchases and sales of securities.

In order to protect against a counterparty's default, temporary purchases and sales of securities may give rise to the provision of financial guarantees in the form of securities and/or cash which are held in segregated accounts by the custodian. These conditions are specified in the paragraph "Derivatives".

These transactions may be entered into with counterparties selected by the management company from among financial institutions with their registered office in an OECD member country. These counterparties may be affiliated companies of the HSBC Group.

These counterparties must be of good credit quality and in any event the minimum rating is BBB- on the Standard & Poor's scale or equivalent or having a rating deemed equivalent by the management company.

Authorised level of use: up to 100% of assets

Remuneration: additional information can be found under fees and commissions.

▶ **Risk profile:**

Main risks:

- Risk of capital loss: the sub-fund does not offer any guarantee or capital protection. Investors may therefore not recover all the capital they initially invested.

- Discretionary management risk: the sub-fund's discretionary management style is based on the anticipation of developments in different markets and securities. There is a risk that the sub-fund may not be invested in the best-performing markets and securities at all times.

- Interest rate risk*:* the price of fixed-rate bonds and other fixed-income products fluctuates in a direction opposite to that of interest rates. Hence, when interest rates rise, the value of these bonds falls, as does the net asset value. In addition, the manager has the possibility to carry out interest rate arbitrage transactions, meaning that he or she expects the yield curve to deteriorate. However, it may be distorted in a sense that the manager had not anticipated, which could cause a significant decrease in the net asset value.

- Credit risk*:* credit risk is the risk that the issuer's financial situation deteriorates, with the extreme risk being the issuer's default. This deterioration may result in a decline in the value of the issuer's securities and therefore a fall in the net asset value of the sub-fund. This is, for example, the risk of non-repayment of a bond in a timely manner. An issuer's credit risk is reflected in the ratings attributed to it by official rating agencies such as Moody's or Standard & Poor's. Ratings increase with credit risk: issuers from the Investment Grade category to the "High Yield" category.

The management company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of the assets and in the selection of securities to buy or sell.

- Securitisation risk*:* for these instruments, credit risk is mainly based on the quality of the underlying instruments, which may be of various types (bank receivables, debt securities, etc.). These instruments are the result of complex arrangements that may involve legal risks and specific risks relating to the characteristics of the underlying assets. The occurrence of these risks may lead to a decrease in the sub-fund's net asset value.
Securitisation vehicles are currently less liquid securities compared with traditional bond issues

- Liquidity risk: the markets on which the sub-fund invests may occasionally and temporarily be affected by a lack of liquidity in certain market circumstances or configurations. These market disruptions may affect the price conditions under which the sub-fund may be required to liquidate, initiate or modify positions and therefore lead to a decrease in the sub-fund's net asset value.

Ancillary risks:

- Derivatives risk*:* the sub-fund may invest up to one time its assets in forward financial instruments. This exposure to markets, assets and indices through forward financial instruments may lead to more significant or rapid decreases in net asset value than the change observed for the underlying assets of these instruments.

- Counterparty risk: the sub-fund is exposed to counterparty risk resulting from the use of over-the-counter financial futures and temporary purchases and sales of securities. This is the risk that the counterparty with which a contract has been entered into will not meet its commitments (delivery, payment, repayment, etc.).

In this case, the counterparty's default could lead to a decrease in the sub-fund's net asset value. This risk is reduced by the establishment of financial guarantees between the sub-fund and the counterparty, such as the exchange of collateral.

- Currency risk*:* this is the risk of a decline in the investment currencies against the portfolio's reference currency. Fluctuations in currencies against the portfolio's reference currency. Fluctuations in currencies relative to the reference currency may lead to a decline in the value of these instruments and consequently a decrease in the sub-fund's net asset value.

- Risk related to the management of financial guarantees: the shareholder may be exposed to legal risk (in connection with the legal documentation, the application of the contracts and the limits thereof), operational risk and risk associated with the reuse of cash received as collateral, as the net asset value of the sub-fund may change depending on the fluctuation in the value of the securities acquired by investing the cash received as collateral. In the event of exceptional market circumstances, the shareholder may also be exposed to liquidity risk resulting in, for example, difficulties in trading certain securities

The risk factors set out above are not exhaustive. It is the responsibility of each investor to analyse the risk inherent in such an investment and to forge their own opinion independently of the HSBC Group by relying, if necessary, on the advice of all specialist advice on such matters in order to ensure, in particular, that this investment is appropriate to their financial situation.

Integration of sustainability risks in investment decisions and likely impact of sustainability risks on performance

1. As a financial market participant, the management company is subject to Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (or "SFDR regulation").

As such, it has put in place a policy for integrating sustainability risks in its investment decision-making processes.

Sustainability risk is 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.

The sustainability risk policy is centred on the ten principles of the United Nations Global Compact ("UNGC"), which defines the key areas of financial and non-financial risk: human rights, labour, environment and anti-corruption. The management company relies on service providers to identify companies that perform poorly in these areas and, if potential sustainability risks are identified, it then conducts its own checks. The management company's strategy involves monitoring sustainability risks on an ongoing basis.

The management company acts in the best interest of investors. Over time, sustainability risks can influence the performance of UCIs through their investment with regard to emissions by companies, sectors, regions and asset classes. Although the UCIs have their own management strategy, the management company's objective is to generate competitive returns for investors while taking their risk profile into account. To do so, it conducts an in-depth financial analysis and a comprehensive sustainability risk assessment as part of its broader risk assessment for each UCI.

The sustainability risk policy can be found on the management company's website: www.assetmanagement.hsbc.fr/fr.

2. Companies that properly manage sustainability risks are better positioned to anticipate future sustainability risks and opportunities. This makes them strategically more resilient and thus able to anticipate and adapt to long-term risks and opportunities. Likewise, when they are not properly managed, sustainability risks can have negative impacts on the value of the underlying company or the competitiveness of a country that issues sovereign bonds. Sustainability risks can take different forms for the companies or governments in which the UCIs invest, such as: (i) a decline in turnover due to changing consumer preferences, negative impacts on the workforce, social unrest

and a decline in production capacity; (ii) higher capital/operating costs; (iii) the depreciation and anticipated retirement of existing assets; (iv) reputational damage due to fines and court orders and the loss of the right to engage in its activity; and (v) sovereign bond market and credit risk. All these risks could potentially affect the UCIs' performance.

The potential impacts of sustainability risks on the UCIs' performance will also depend on the investments made by these UCIs and the materiality of the sustainability risks. The likelihood that sustainability risks will occur should be mitigated by their integration in the investment decision-making procedure. The potential impacts of sustainability risks on the performance of UCIs that use ESG criteria are further mitigated. However, there is no guarantee that these measures will completely mitigate or prevent the occurrence of sustainability risks for these UCIs. As a result, the likely impact on UCIs' performance of an actual or potential material decline in the value of an investment due to a sustainability risk will vary and depend on several factors.

3. The sub-fund takes sustainability risks into consideration in the investment decision-making process. The management company integrates sustainability risks by identifying the ESG factors likely to have a material financial impact on an investment's performance. Exposure to a sustainability risk does not necessarily mean that the management company will refrain from taking or maintaining a position. Rather, it means that the management company will take into consideration sustainability risk assessments as well as other material factors in the context of the company in which it is investing or the issuer, the investment objective and the investment strategy of the sub-fund.

4. The sub-fund may invest in derivatives. In that case, it is more difficult to take sustainability risks into account as the sub-fund does not invest directly in the underlying asset. As of the date of the prospectus, no ESG integration methodology can be applied to derivatives.

5. A detailed description of the sub-fund's consideration of principal adverse impacts on sustainability factors is provided in the SFDR appendix to the prospectus.

The provisions of the SFDR are supplemented by those of Regulation (EU) 2020/852 of 18 June 2020, known as the Taxonomy Regulation. It establishes an EU-wide classification system intended to provide businesses and investors with a common language to identify to what degree economic activities can be considered environmentally sustainable.

To be sustainable, an economic activity must meet the sustainability criteria of the Taxonomy Regulation, including doing no significant harm to any of the environmental objectives set out in this Regulation.

The principle of "do no significant harm" applies only to the investments that take into account the European Union's criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the sub-fund do not take into account the EU criteria for environmentally sustainable economic activities.

The sub-fund does not commit to making investments that contribute to the following environmental objectives:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control; and
- the protection and restoration of biodiversity and ecosystems.

▶ **Guarantee or protection:**

None

▶ Relevant subscribers and typical investor profile:

AC and AD shares: all subscribers

IC shares: all subscribers and especially institutional investors

ZC shares: reserved for UCIs and mandates of HSBC Global Asset Management (France)

BC shares: the subscription of the BC share is subject to the existence of a specific remuneration agreement between the subscriber and the distributor or portfolio manager

IT shares: the IT share is reserved for the ATFund market (multilateral trading platform - MTF) of Borsa Italiana.

The minimum recommended investment period is 3 years.

This product is especially intended for subscribers interested in choosing a product invested in bonds issued by companies that meet high standards in the field of Sustainable Development while maintaining a performance objective equivalent to traditional bond UCIs over the long term.

Shareholders are therefore invited to contact their relationship manager or usual advisor if they wish to conduct an analysis of their personal situation. This analysis may, depending on the case, be invoiced to them by their advisor and cannot under any circumstances be borne by the sub-fund or the management company.

Provisional measures prohibiting subscriptions to the sub-fund from 12 April 2022:

From 12 April 2022, pursuant to EU regulation no. 833/2014 as amended and EU regulation no. 765/2006 as amended, the subscription of shares in this sub-fund is prohibited to any Russian or Belarusian national, to any natural person residing in Russia or Belarus or to any legal person, entity or organisation established in Russia or Belarus except for nationals of a Member State of the European Union (EU) and natural persons holding a temporary or permanent residence permit in a Member State of the European Union (EU).

In all cases, it is strongly recommended that investments be sufficiently diversified so that they are not exposed solely to the risks of this sub-fund.

▶ Methods for determining and allocating distributable amounts:

In accordance with regulatory provisions, net income for the fiscal year is equal to the amount of interest, arrears, dividends, premiums and bonuses, directors' fees, and any other income related to the securities comprising the sub-fund's portfolio, plus the income from any amounts temporarily available, less management fees and borrowing costs.

The amounts distributable by an undertaking for collective investment in transferable securities consist of:

1. Retained earnings added to net income, and the balance of accrued income added or subtracted as appropriate;

2. Capital gains realised, net of costs, minus realised losses, net of costs, recognised during the fiscal year, plus net gains of the same type recognised in previous fiscal years that were not distributed or accumulated, plus or minus the balance of accrued gains.

The amounts mentioned in no. 1 and 2 may be distributed, in whole or in part, independently of each other.

Distributable amounts	AC, I, ZC, BC and IT shares	AD shares
Net income (1)	Accumulation	Distribution
Net realised capital gains (2)	Accumulation	Accumulation and/or distribution, upon decision of the management company each year

Frequency of distribution:

For AD shares, at the management company's decision, annual distribution if permitted by the accounting income of the sub-fund.

Share characteristics:

The shares are denominated in euros.

For AC, AD, ZC and BC shares, subscriptions and redemptions may be made in thousandths of shares or in amount.

For I shares, subscriptions and redemptions may be made in ten thousandths of shares or in amount.

For IT shares, subscriptions and redemptions are made exclusively in whole shares, with the minimum subscription amount being one share. Subscriptions and redemptions in amounts are not authorised.

Initial net asset value of the absorbed mutual fund:

AC shares: €1,000

AD shares: €1,000

IC shares: €100,000

ZC shares: €1,000

BC shares: €1,000

IT shares: €10

Minimum initial subscription amount:

AC shares: the minimum amount of the first subscription is one thousandth of a share.

AD shares: the minimum amount of the first subscription is one thousandth of a share.

IC shares: The minimum amount of the initial subscription is €100,000, with the exception of shares subscribed by the management company or by a related company or an entity of the HSBC Group.

ZC shares: the minimum amount of the first subscription is one thousandth of a share.

BC shares: the minimum amount of the first subscription is one thousandth of a share.

IT shares: the minimum amount of the first subscription is one share.

The switch from one share class to another or from one sub-fund to another is considered a disposal and is therefore liable to be subject to tax.

Subscription and redemption procedures:

Orders are executed in accordance with the table below:

Trading day (D)	Trading day (D)	D: NAV calculation date	D+1 trading day	D+1 trading day	D+1 trading day
Centralisation before 12 noon of subscription orders*	Centralisation before 12 noon of redemption orders*	Order execution no later than D	Publication of the net asset value	Settlement of subscriptions	Settlement of redemptions

*Except for any specific period agreed with your financial institution

Subscription and redemption requests are centralised every day at 12 noon, Paris time. They are executed on the basis of the net asset value calculated at the day's closing prices.

Subscription and redemption requests received after 12 noon will be executed on the basis of the net asset value calculated on the closing prices of the next trading day. Subscription and redemption requests received on a non-trading day are executed on the basis of the net asset value calculated on the closing prices of the next trading day.

Subscribers are invited to send their instructions to their financial intermediary sufficiently in advance to allow them to be transmitted before the deadline at 12 noon.

Terms of subscription and redemption of IT shares:

Orders are executed in accordance with the table below:

Trading day (D)	Trading day (D)	D: NAV calculation date	D+1 trading day	D+3 trading days	D+3 trading days
Centralisation before 11.00 am of subscription orders*	Centralisation before 11.00 am of redemption orders*	Order execution no later than D	Publication of the net asset value	Settlement of subscriptions	Settlement of redemptions

Subscriptions and redemptions are pooled each day by 11 a.m. (Paris time) at the latest. They shall be executed by reference to the Fund's net asset value as calculated and published on the following trading day (D+1) on the basis of the closing prices on the request pooling day (D).

Settlements relating to subscription and redemption requests are carried out on the third trading day following the centralisation date.

We recommend that you find out more about the operating rules set out by this Listing Market, in accordance with local regulations, or that you contact your usual advisor.

Technical centralisation: For feeders (only) of the sub-fund "HSBC Responsible Investment Funds - SRI Euro Bond", the time for centralising subscriptions and redemptions in the master sub-fund is 12.30 pm (Paris time).

Institutions designated to receive subscriptions and redemptions and responsible for ensuring compliance with the centralisation cut-off time indicated in the above paragraph:

CACEIS Bank and HSBC Continental Europe for clients for which it ensures custody account-keeping.

Shareholders' attention is drawn to the fact that orders transmitted to distributors other than the institutions mentioned above must take into account the fact that the cut-off time for centralising orders applies to said distributors vis-à-vis CACEIS Bank. Accordingly, its promoters may apply their own cut-off time, prior to the time mentioned above, in order to take into account their deadline for transmitting orders to CACEIS Bank.

Date and frequency of calculation of the net asset value:

The net asset value is calculated daily with the exception of Saturdays, Sundays, statutory holidays in France and days on which the French market is closed. The net asset value can be obtained from the management company.

IT shares:

The net asset value is calculated daily with the exception of Saturdays, Sundays, statutory public holidays in France and days on which the French market and Borsa Italiana are closed.

The net asset value of the unit is also communicated by Borsa Italiana.

Net asset values may be obtained from the management company at the following address:

HSBC Global Asset Management (France)

Cœur Défense – 110 esplanade du Général de Gaulle – La Défense 4 – 92800 Courbevoie

▶ **Fees and commissions:**

Subscription and redemption fees:

Subscription and redemption fees increase the subscription price paid by the investor or reduce the redemption price. The fees paid to the sub-fund are used to offset the costs incurred by the sub-fund in investing or divesting the assets entrusted. Fees not paid are paid to the management company, the distributor, etc.

Charges billed to the investor, deducted at the time of subscriptions and redemptions	**Base**	**Scale rate**		
		AC, AD, IC and BC shares:	**ZC shares:**	**IT shares:**
Subscription fee not paid into the sub-fund	net asset value × number of shares	1.50% maximum	6% maximum	None
Subscription fee paid into the sub-fund	net asset value × number of shares	None		
Redemption fee not paid into the sub-fund	net asset value × number of shares	None		
Redemption fee paid into the sub-fund	net asset value × number of shares	None		

UCIs and mandates managed by an HSBC Group entity are exempted from subscription fees.

<u>Exemption</u>: Simultaneous redemption/subscription transactions based on the net asset value of subscription for a zero-balance transaction volume on the same sub-fund are carried out free of charge.

Charges:

Financial management fees and administrative fees external to the management company cover all fees charged directly to the sub-fund, with the exception of transaction fees. Transaction fees *include intermediation fees (brokerage, stock exchange taxes, etc.) and transaction fees, where applicable, which may be collected in particular by the custodian and the management company.*

In addition to the financial management fees and administrative fees external to the management company:

- *performance fees. These fees are paid to the management company when the sub-fund exceeds its objectives. They are therefore invoiced to the sub-fund;*
- *transaction fees charged to the sub-fund;*
- *a share of the income from temporary purchases and sales of securities.*

In the event of an increase in administrative fees external to the management company equal to or less than 0.10% including tax per year, the sub-fund's shareholders may be informed by any means.

In this case, the management company shall not be required to provide information to shareholders in a particular manner, nor to offer the possibility of redeeming their shares free of charge.

	Charges to the sub-fund	**Base**	**Scale rate**			
			AC and AD shares:	**IC, BC shares:**	**ZC shares:**	**IT shares:**
1	Financial management fees	Daily net assets	Maximum 0.80% incl. taxes	Maximum 0.40% incl. taxes	None	Maximum 0.40% incl. taxes
2	Administrative charges external to the management company	Daily net assets	Maximum 0.20% incl. taxes			Maximum 0.30% incl. taxes
3	Maximum indirect charges (commissions and management fees)	Daily net assets	Insignificant*			
4	Transaction fees	Deducted from each transaction	None			
5	Outperformance commission	Daily net assets	None			

**The sub-fund invests less than 20% in UCIs*

<u>Additional information on temporary purchases and sales of securities:</u>

The management company does not receive any remuneration for these temporary purchases and sales of securities.

The income and income generated by temporary purchases and sales of securities are fully acquired by the sub-fund, after deduction of certain direct and indirect operating costs (particularly the remuneration of the lending agent, depending on the type of transaction).

Operational costs and expenses relating to these transactions may also be borne by the management company not being invoiced to the sub-fund.

For further information, shareholders are invited to refer to the annual report of the sub-fund or the management report of the management company, which will include additional details if the value of these services exceeds 1% of the management company's turnover.

Brief description of the intermediary selection procedure

The management company selects brokers or counterparties according to a procedure in accordance with applicable regulations and especially the provisions of Article 314-69 et seq. of the French financial markets authority (AMF). As part of this selection, the management company fulfils its best execution obligation at all times.

The objective selection criteria used by the management company specifically include the quality of order executions, the rates applied, and the financial soundness of each broker or counterparty.

The counterparties, investment companies, and service providers of HSBC Global Asset Management (France) are selected according to a specific evaluation process intended to ensure that quality service is provided to the company. This is a key element in the general decision-making process that incorporates the impact of the service quality of the broker across all our departments: Management, Financial and Credit Analysis, Trading and Middle Office.

Counterparty selection can involve an entity linked to the HSBC Group or the UCITS's depositary.

The "Policy of best execution and selection of intermediaries" is detailed on the management company's website.

HSBC RESPONSIBLE INVESTMENT FUNDS - SRI MODERATE

▶ **Date of creation**

The sub-fund was created on 30 September 2019.

▶ **ISIN codes:**

AC shares: FR0013443132

IC shares: FR0013443140

RC shares: FR0013443157

▶ **Investment objective:**

This sub-fund:

☒ Promotes environmental or social characteristics (Article 8 of Regulation (EU) 2019/2088 named Sustainable Finance Disclosure (SFDR)).

☐ Has a sustainable investment objective (Article 9 of Regulation (EU) 2019/2088 named Sustainable Finance Disclosure (SFDR)).

The investment objective of the HSBC Responsible Investment Funds – SRI Moderate sub-fund is to maximise a performance corresponding to an investment with a moderate exposure to equity market risk over a recommended investment period of at least three years. This investment is made by selecting securities of companies or countries selected for their good environmental, social, and governance practices and their financial quality. The long-term strategic allocation is composed of 30% equities and 70% international bonds with a euro bias.

▶ **Benchmark indicator:**

The HSBC Responsible Investment Funds - SRI Moderate sub-fund has no benchmark.

Indeed, there is no benchmark representative of our management philosophy and therefore our investment universe.

▶ **Investment strategy:**

The HSBC Responsible Investment Funds – SRI Moderate is a profiled sub-fund within a multi-asset SRI range composed of several profiles. With a strategic allocation consisting of 30% equities on average, it constitutes an investment with a moderate exposure to equity market risk.

The minimum extra-financial analysis rate of 90% is applied to the sub-fund's eligible assets.

The sources of performance of the sub-fund reside in:

- tactical allocation of asset classes;
- the selection of securities that meet non-financial and financial criteria;
- active management of interest rate and credit risk;
- active management of currency risk.

The sub-fund’s investment strategy is therefore broken down into several successive stages:

1) *Tactical allocation between asset classes:*

The allocation of assets is a significant source of added value given that the performances of financial markets vary and depend on the economic cycle. For instance, economic slowdowns generally translate into negative equity market performance, and positive bond market performance. Tactical allocation thus becomes quite significant by aiming to optimise the overall exposure of the portfolio through joint management of multiple asset classes.

Based on the strategic allocation composed on average of 70% interest rates, the manager exposes the sub-fund from 65% to 75% to the fixed income market in order to adapt it to our expectations and economic scenario. Thus, the anticipation of a medium-term upward trend on the fixed income markets is reflected in a higher exposure of the portfolio to this asset class. The intensity of the overexposure relative to the strategic allocation depends on the manager's conviction.

2) Assessment and selection of securities according to non-financial criteria

The HSBC Responsible Investment Funds - SRI Moderate sub -fund is invested, at the manager's discretion, either by investing in securities of companies or countries, or by investing in UCIs managed by the HSBC Group. This stage of the process consists of, following Environmental, Social and Corporate Governance ("ESG") criteria:

- For public or private listed corporate issues: select, within each sector, using a "Best in Class" approach, those with the best ESG practices (for example: Energy, Transport, etc.), and
- For government issues (bonds), to be selected according to an ESG Selection approach, in euro-issued countries, countries with a minimum ESG rating according to the extra-financial rating agency ISS-Oekom.

The tobacco and arms sectors are systematically excluded, while the thermal coal sector is partially excluded for electricity generation (companies generating more than 10% of their turnover from electricity generated using thermal coal) and totally excluded for thermal coal extraction companies. All companies that have a confirmed violation of one of the 10 principles of the United Nations Global Compact or at least two alleged violations are systematically excluded.

A detailed description of the sub-fund's exclusions is provided in the SFDR appendix to the SICAV's prospectus.

The best-in-class approach consists in assessing each company and then ranking them.

To begin with, each company will receive four ratings: an E rating, an S rating, a G rating, and an aggregate rating. The first three are provided by external rating agencies, which aim to assess the relevant aspects for the sector to which the rated company belongs. An exhaustive list of external ESG data providers is available in the ESG Information section of the sub-fund on our website www.assetmanagement.hsbc.fr.

With regard to governance, aspects such as the structure and representativeness of the Board of Directors, attendance and level of independence of directors, transparency regarding how senior managers are set, the robustness of audit and control processes, and respect for minority shareholders' rights are systematically analysed. The assessment of the company's performance in these areas will also take into account the country in which the company belongs, the country in which it is listed and/or the country in which it has its registered office, for example. Indeed, corporate governance practices are highly dependent on national legislation. However, they will also be evaluated in accordance with international standards such as the OECD Guidelines.

The Environmental aspects are related to the nature of the company's activity and its sector. Thus, in extractive industries, "utilities" or air transport, the rejection of CO2 emissions directly related to the company's activity is of paramount importance: their non-measurement and non-control may represent a major industrial risk and may result in major financial penalties and/or reputational damage. On the other hand, in the automotive sector or the production of electrical equipment, the company's ability to invest in the development of products and solutions capable of rendering the expected service will be more evaluated, while limiting greenhouse gas emissions in their phase of use: hybrid or electric vehicles, intelligent systems for regulating and optimising energy consumption: "smart grid". Finally, some sectors have a very limited direct environmental impact such as the media, finance, etc.

The third pillar, Societal, covers concepts related to relations with civil society, staff management, remuneration and training policies, respect for trade union law, and occupational health and safety policies. The very nature of the company's business will strongly affect the nature and relative importance of these practices. Thus, in sectors with a proven hazardous nature such as construction, mining, prevention of workplace accidents and safety are priority criteria. However, in sectors such as telecoms, the fairness of pricing policies applied to customers and the protection of personal data are important issues.

Finally, these three ratings are aggregated to form an ESG rating, making it possible to rank companies. The selection of companies according to these ESG criteria is based on a proprietary ESG analysis model, supplied by data from non-financial rating agencies and internal research.

The securities are rated from 0 to 10. Each security is attached to one of the 30 ESG sectors that have been determined by the management company using an initial investment universe representing the strategic allocation.

These 30 ESG sectors bring together issuers in groups, for which a weighting of the E, S and G pillars is determined, which is based on the in-depth studies that analysts produce under the responsibility of the Global Head of ESG Research. In order for this to make sense, the ESG scores = X% of the E + Y% rating of the S + Z% of the G rating will be constructed based on X, Y and Z coefficients specific to each sector. For example, the financial sectors will be characterised by a very significant weight given to governance (G): up to 60%, while in sectors with a high environmental impact, the E component could represent up to 50% of the total rating. The weighting of these X, Y and Z coefficients is therefore a reflection of our knowledge of the different business sectors and their respective ESG impacts. It is the result of work that has mobilised our internal research resources as well as academic research.

The SRI universe consists in taking account of ESG criteria and classifying companies into quartiles within each sector. The SRI universe ratings of the HSBC Responsible Investment Funds - SRI Moderate sub-fund are updated each month.

Stocks in the fourth quartile are excluded, but a maximum of 15% of net assets may be invested in stocks in the third quartile and without limitation in stocks in the first and second quartiles.

In accordance with this stock selection methodology, within the same sector, at least 25% of companies are required to be excluded.

The sub-fund’s portfolio must be brought into line with changes in quartiles resulting from changes in ratings within two weeks after the new SRI universes are sent out and at the latest before the end of each calendar month. However, on an exceptional basis, this period may be extended by three additional months, at the manager’s discretion, for companies in the fourth quartile.

The sub-fund may invest up to 10% in stocks not rated according to Environmental, Social, and Governance criteria. Non-rated stocks are stocks for which our ESG contributor does not provide the essential data for calculating the E, S, and G data and the combined rating.

The ESG selection approach used to select government issues (bonds) consists in ranking euro-issuing countries according to their overall “ESG” rating , which is based 50% on the Environmental pillar (E) and 50% on the Social/Governance pillar (S/G). The Social and Governance pillar includes analysis of the political system and governance, human rights and fundamental freedoms, and social conditions. The Environmental pillar includes analysis of natural resources, climate change and energy, production, and sustainable consumption.

The manager uses the ESG Selection approach to select the euro-issuing countries with a minimum ESG rating according to the non-financial rating agency ISS-Oekom.

The manager selects the countries with a minimum ESG rating according to the non-financial rating agency ISS-Oekom. The scores resulting from the analysis by the non-financial rating agency ISS-Oekom range from A+ to D-. The SRI strategy consists in selecting from among the issuing countries those with a minimum ESG rating. Thus:

- for countries rated between A+ and B-, there are no investment constraints.

- for countries rated C+, the weight of these States in the portfolio cannot exceed the representative weight of these countries in the Bloomberg Capital Euro Aggregate 500MM index.

- for countries rated between C and D-, investments are not permitted.

The rating of issuing countries is reviewed on an annual basis.

The Transparency Code for the HSBC Responsible Investment Funds - SRI Moderate sub-fund is publicly available at www.assetmanagement.hsbc.fr/fr and provides detailed information on the sub-fund's SRI approach. This SRI information is also available in its annual report.

The management company has also put in place a policy of engagement, notably through presence with companies, visits in the form of individual interviews and the exercise of our voting policy. These policies and the reports concerning engagement activities and the exercise of voting rights are available on the management company's website (www.assetmanagement.hsbc.fr/fr).

3) Assessment of financial criteria

This step is dedicated to the selection of securities within the defined SRI universe, based on purely financial criteria. We consider that businesses that meet all these extra-financial and financial criteria conduct their activities with a genuine long-term development approach.

The stock selection strategy is to look for companies whose current valuation does not, in our view, reflect the structural profitability that they are likely to generate in normal times. Investment decisions are based on fundamental and valuation analysis.

The strategy for selecting bonds and debt securities

- 1- *active management of interest rate risk*, which is broken down into sensitivity management and curve strategies. The overall sensitivity of the sub-fund and the curve strategy are decided on the basis of the management team's market expectations regarding interest rate trends (in the event of a rise in interest rates, the value of fixed-rate bonds falls) and the deformation of the yield curve (exposure to specific yield curve points to take advantage of the flattening, steepening or curvature of the yield curve).

- 2- *active credit risk management*, which is broken down into a credit allocation: this allocation between government and non-governmental issuers depends on the relative value analysis of non-governmental securities carried out by the management team and based on qualitative and quantitative data to assess a security's relative price: our valuation of the security's value is compared to its market price.

Rigorous selection of issuers based on their risk-return profile, with the aim of minimising risk with equal return. This selection is based on in-depth knowledge of issuers, linked to the expertise of our team of credit analysts.

In addition, in order to achieve its investment objective, the manager will be able to invest in the HRIF - Europe Equity Green Transition; HRIF - SRI Euroland Equity; HRIF - SRI Euro Bond and HRIF - SRI Global Equity sub-funds of the SICAV Responsible Investment Funds.

Active management of currency risk: investment decisions in currencies other than the euro are based on an analysis of the macroeconomic environment and factors specific to the foreign exchange markets.

Currency risk exposure is permitted for up to 10% of assets.

▶ Instruments used:

Equities:

The sub-fund invests a minimum of 25% and a maximum of 35% of its assets in equities and other equivalent securities traded on French and foreign regulated markets. The sub-fund may invest in small-, mid-, and large-cap stocks.

The manager may also invest in these instruments via UCIs governed by French or European law and/or investment funds.

Debt securities and money market instruments:

From 65% to a maximum of 75% of the sub-fund's assets are invested in fixed-rate bonds (including EMTN), negotiable debt instruments, floating-rate and inflation-indexed bonds, securitisation vehicles, and mortgage bonds.

However, the manager may invest in these instruments via UCIs governed by French or European law and/or investment funds.

The sub-fund can invest up to 75% of its assets in private debt.

Debt securities and money market instruments will be issued by issuers rated "Investment Grade" (minimum rated BBB-/Baa3 by Standard and Poor's or equivalent or deemed equivalent by the management company). The rating taken into consideration is the lowest rating of the two.

The sub-fund invested in debt securities and short-term money market instruments within a proposed range of 0% to 10%, whose rating will be equal to A1/P1 (Standard & Poor's or equivalent or deemed equivalent by the management company and/or long-term equivalent), used to help achieve the management objective and possibly for cash management.

The management company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of the assets and in the selection of securities to buy or sell.

The Fund's range of sensitivity is +3.5 to +6. The sensitivity of a bond corresponds to the price variation of this bond when the interest rates vary.

Shares or units of other UCIs or investment funds (up to 10% of its assets):

To help achieve the management objective and cash management.

☑ UCITS governed by French or foreign law;

☑ General investment fund governed by French law or AIF governed by foreign law;

☑ other investment funds: trackers - ETF (Exchange Traded Funds).

The fund manager will invest in UCIs managed or distributed by an HSBC Group entity unless such funds are not eligible or suitable, as these funds must meet defined financial and extra-financial objectives.

The SRI strategies of the UCIs or investment funds that may be selected by the manager (excluding UCIs/investment funds managed by the management company) may use ESG indicators and/or different SRI approaches independent of the sub-fund.

Derivatives

Nature of the investment markets:

☑ regulated;

☑ organised;

☑ over the counter.

Risks in which the manager wishes to trade:

☑ equity;

☑ interest rates;

☑ foreign exchange;

☐ credit;

☐ other risks (to be specified).

Nature of the operations, with all transactions being limited to the achievement of the management objective:

☑ hedging;

☑ exposure;

☐ arbitrage;

☐ other type (to be specified)

Nature of instruments used:

☑ futures (regulated markets);

☐ options on futures and securities (regulated markets);

☐ options on securities (over-the-counter markets);

☐ swaps (over-the-counter instruments);

☑ currency futures (over-the-counter instruments);

☐ credit derivatives

The sub-fund will not use TRS (Total Return Swaps).

The strategy for using derivatives to achieve the management objective:

☑ General portfolio coverage, certain risks, securities, etc.;

☑ reconstitution of synthetic exposure to assets and risks;

☑ increase in market exposure and accuracy of maximum authorised leverage: leverage 1;

☐ other strategy (to be specified).

Counterparties eligible for over-the-counter financial futures transactions shall be selected according to the procedure described in paragraph: A brief description of the intermediary selection procedure.

Financial guarantees put in place as part of over-the-counter forward financial instruments are subject to a policy on financial guarantees available on the management company's website.

These transactions may be entered into with counterparties selected by the management company from among financial institutions with their registered office in an OECD member country. These counterparties may be affiliated companies of the HSBC Group.

These counterparties must be of good credit quality and in any event the minimum rating is BBB- on the Standard & Poor's scale or equivalent or having a rating deemed equivalent by the management company.

This policy on financial guarantees specifies:

- The discount applicable to financial guarantees. This depends on the volatility of the security, which is characterised by the type of assets received, the rating, the maturity of the security, etc. This discount has the effect of requesting a financial guarantee greater than the market value of the financial instrument.

- Assets accepted as collateral that may consist of cash, government securities, short-term negotiable securities and debt securities/bonds issued by private issuers.

Financial guarantees other than cash may not be sold, reinvested or pledged. Bonds must have a maximum maturity of 50 years.

Securities received as financial collateral may not be sold, reinvested or pledged as collateral. These securities must be liquid, transferable at any time and diversified, and must be issued by high-quality issuers that are not an entity of the counterparty or its group. Discounts may be applied to collateral received; they take into account the credit quality and price volatility of the securities.

Financial guarantees made up of cash must be:

- placed in deposits with credit institutions having its registered office in an OECD Member State or a third State with equivalent prudential rules,
- invested in high-quality government bonds,
- invested in reverse repurchase agreements for which the counterparty is a credit institution subject to prudential supervision, and for which the sub-fund may recall cash at any time,
- invested in short-term money market UCIs.

The provision of financial guarantees in the form of securities and/or cash is kept in segregated accounts by the custodian.

Securities with embedded derivatives (up to 100% of net assets)

Risks in which the manager wishes to trade:

☐ equity;

☑ interest rates;

☑ foreign exchange;

☑ credit;

☐ other risk (to be specified).

Nature of the operations, with all transactions being limited to achieving the investment objective. :

☑ hedging;

☑ exposure;

☑ arbitrage;

☐ other type (to be specified).

Nature of instruments used: EMTN, callable/puttable bonds

Embedded derivatives are used as an alternative to direct intervention on pure derivatives.

Deposits

In accordance with the French Monetary and Financial Code, deposits contribute to achieving the sub-fund's management objective by allowing it to generate cash.

Deposits may represent up to 10% of the sub-fund's net assets.

Cash borrowings

Exceptionally, with the objective of investing in anticipation of an increase in the markets or more temporary in the context of large redemptions, the sub-fund may be temporarily in a debit position and in this case use cash borrowing up to a maximum of 10% of the assets.

Repos and reverse repos

The sub-fund may not engage in repos and reverse repos.

▶ **Risk profile:**

Your money will be invested mainly in financial instruments selected by the management company. These instruments will be subject to market trends and fluctuations.

Main risks:

- Discretionary management risk: the sub-fund's discretionary management style is based on the management company's anticipation of changes in the various markets and securities. There is a risk that the sub-fund may not be invested in the best-performing markets and securities at all times, leading to a weaker performance.

- Risk of capital loss: there is a risk that the initially invested capital will not be returned in full.

- Interest rate risk: the price of fixed-rate bonds and other fixed-income products fluctuates in a direction opposite to that of interest rates. Hence, when interest rates rise, the value of these bonds falls, as does the net asset value. In addition, the manager has the possibility to carry out interest rate arbitrage transactions, meaning that he or she expects the yield curve to deteriorate. However, it may be distorted in a sense that the manager had not anticipated, which could cause a significant decrease in the net asset value.

- Credit risk: credit risk is the risk that the issuer's financial situation deteriorates, with the extreme risk being the issuer's default. This deterioration may result in a decline in the value of the issuer's securities and therefore a fall in the net asset value of the sub-fund. This is, for example, the risk of non-repayment of a bond in a timely manner. An issuer's credit risk is reflected in the ratings attributed to it by official rating agencies such as Moody's or Standard & Poor's. Ratings increase with credit risk: issuers from the Investment Grade category to the "High Yield" category. The management company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of the assets and in the selection of securities to buy or sell.

- Equity risk: the sub-fund is exposed to equity risk through securities, units or shares of UCIs and/or financial instruments. Equity risk arises because the value of these securities is linked to market fluctuations. In the event that these equity markets decline, the net asset value of the portfolio may drop more significantly than these markets.
The sub-fund has the option of investing in small and mid-caps, which may cause the value of the sub-fund to fall more significantly and faster.

- Derivatives risk: the sub-fund may invest in financial futures and options up to the limit of its assets. This exposure to markets, assets, indices, etc. through forward and conditional financial instruments, including in the form of credit derivatives, may lead to more significant or rapid decreases in net asset value than the variation observed for the underlying assets of these instruments.

Ancillary risks:

- Counterparty risk: the sub-fund is exposed to counterparty risk resulting from the use of over-the-counter financial futures and temporary purchases and sales of securities. This is the risk that the counterparty with which a contract has been entered into will not meet its commitments (delivery, payment, repayment, etc.).

In this case, the counterparty's default could lead to a decrease in the sub-fund's net asset value. This risk is reduced by the establishment of financial guarantees between the sub-fund and the counterparty, such as the exchange of collateral.

- Risk related to the management of financial guarantees: investors may be exposed to legal risk (in connection with legal documentation, application of contracts and their limits), operational risk and risk associated with the reuse of cash received as collateral, as the net asset value of the sub-fund may change depending on the fluctuation in the value of the securities acquired by investing the cash received as collateral. In the event of exceptional market circumstances, investors may also be exposed to liquidity risk resulting in, for example, trading difficulties in certain securities. Investors may be exposed to legal risk (in connection with legal documentation, application of contracts and their limits), operational risk and risk associated with the reuse of cash received as collateral, as the net asset value of the sub-fund may change depending on the fluctuation in the value of securities acquired by investing the cash received as collateral. In the event of exceptional market circumstances, investors may also be exposed to liquidity risk resulting in, for example, trading difficulties in certain securities.

- Currency risk: this is the risk of a decline in the investment currencies against the portfolio's reference currency. Fluctuations in currencies relative to the reference currency may result in a decline in the value of these instruments and consequently a decrease in the sub-fund's net asset value.

- Liquidity risk: the markets on which the sub-fund invests may occasionally and temporarily be affected by a lack of liquidity in certain market circumstances or configurations. These market disruptions may affect the price conditions under which the sub-fund may be required to liquidate, initiate or modify positions and therefore lead to a decrease in the sub-fund's net asset value.

- Securitisation risk: for these instruments, credit risk is mainly based on the quality of the underlying assets, which may be of various types (bank receivables, debt securities, etc.). These instruments are the result of complex arrangements that may involve legal risks and specific risks relating to the characteristics of the underlying assets. The occurrence of these risks may lead to a decrease in the sub-fund's net asset value.

The risk factors set out above are not exhaustive. It is the responsibility of each investor to analyse the risk inherent in such an investment and to forge their own opinion independently of the HSBC Group by relying, if necessary, on the advice of all specialist advice on such matters in order to ensure, in particular, that this investment is appropriate to their financial situation.

- **Integration of sustainability risks in investment decisions and likely impact of sustainability risks on performance**

1. As a financial market participant, the management company is subject to Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (or "SFDR regulation").

As such, it has put in place a policy for integrating sustainability risks in its investment decision-making processes.

Sustainability risk is 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.

The sustainability risk policy is centred on the ten principles of the United Nations Global Compact ("UNGC"), which defines the key areas of financial and non-financial risk: human rights, labour, environment and anti-corruption. The management company relies on service providers to identify companies that perform poorly in these areas and, if potential sustainability risks are identified, it then conducts its own checks. The management company's strategy involves monitoring sustainability risks on an ongoing basis.

The management company acts in the best interest of investors. Over time, sustainability risks can influence the performance of UCIs through their investment with regard to emissions by companies, sectors, regions and asset classes. Although the UCIs have their own management strategy, the management company's objective is to generate competitive returns for investors while taking their risk profile into account. To do so, it conducts an in-depth financial analysis and a comprehensive sustainability risk assessment as part of its broader risk assessment for each UCI.

The sustainability risk policy can be found on the management company's website:

2. Companies that properly manage sustainability risks are better positioned to anticipate future sustainability risks and opportunities. This makes them strategically more resilient and thus able to anticipate and adapt to long-term risks and opportunities. Likewise, when they are not properly managed, sustainability risks can have negative impacts on the value of the underlying company or the competitiveness of a country that issues sovereign bonds. Sustainability risks can take different forms for the companies or governments in which the UCIs invest, such as: (i) a decline in turnover due to changing consumer preferences, negative impacts on the workforce, social unrest and a decline in production capacity; (ii) higher capital/operating costs; (iii) the depreciation and anticipated retirement of existing assets; (iv) reputational damage due to fines and court orders and the loss of the right to engage in its activity; and (v) sovereign bond market and credit risk. All these risks could potentially affect the UCIs' performance.

The potential impacts of sustainability risks on the UCIs' performance will also depend on the investments made by these UCIs and the materiality of the sustainability risks. The likelihood that sustainability risks will occur should be mitigated by their integration in the investment decision-making procedure. The potential impacts of sustainability risks on the performance of UCIs that use ESG criteria are further mitigated. However, there is no guarantee that these measures will completely mitigate or prevent the occurrence of sustainability risks for these UCIs. As a result, the likely impact on UCIs' performance of an actual or potential material decline in the value of an investment due to a sustainability risk will vary and depend on several factors.

3. The sub-fund takes sustainability risks into consideration in the investment decision-making process. The management company integrates sustainability risks by identifying the ESG factors likely to have a material financial impact on an investment's performance. Exposure to a sustainability risk does not necessarily mean that the management company will refrain from taking or maintaining a position. Rather, it means that the management company will take into consideration sustainability risk assessments as well as other material factors in the context of the company in which it is investing or the issuer, the investment objective and the investment strategy of the sub-fund.

4. The sub-fund may invest in derivatives. In that case, it is more difficult to take sustainability risks into account as the sub-fund does not invest directly in the underlying asset. As of the date of the prospectus, no ESG integration methodology can be applied to derivatives.

5. A detailed description of the sub-fund's consideration of principal adverse impacts on sustainability factors is provided in the SFDR appendix to the prospectus.

The provisions of the SFDR are supplemented by those of Regulation (EU) 2020/852 of 18 June 2020, known as the Taxonomy Regulation. It establishes an EU-wide classification system intended to provide businesses and investors with a common language to identify to what degree economic activities can be considered environmentally sustainable.
To be sustainable, an economic activity must meet the sustainability criteria of the Taxonomy Regulation, including doing no significant harm to any of the environmental objectives set out in this Regulation.

The principle of "do no significant harm" applies only to the investments that take into account the European Union's criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the sub-fund do not take into account the EU criteria for environmentally sustainable economic activities.

The sub-fund does not commit to making investments that contribute to the following environmental objectives:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control; and
- the protection and restoration of biodiversity and ecosystems.

▶ **Guarantee or protection:**

None

▶ **Relevant subscribers and typical investor profile:**

AC shares: all subscribers

IC shares: all subscribers but more specifically intended for institutional clients.

RC shares: reserved for UCIs and mandates of HSBC Global Asset Management (France)

This product is intended in particular for subscribers seeking a diversification instrument combining equities and bonds that meet high standards in the field of Sustainable Development while maintaining a performance objective over the long term.

The recommended investment period is a more than three years.

Shareholders are therefore invited to contact their relationship manager or usual advisor if they wish to conduct an analysis of their personal situation. This analysis may, depending on the case, be invoiced to them by their advisor and cannot under any circumstances be borne by the sub-fund or the management company.

Provisional measures prohibiting subscriptions to the sub-fund from 12 April 2022:

From 12 April 2022, pursuant to EU regulation no. 833/2014 as amended and EU regulation no. 765/2006 as amended, the subscription of shares in this sub-fund is prohibited to any Russian or Belarusian national, to any natural person residing in Russia or Belarus or to any legal person, entity or organisation established in Russia or Belarus except for nationals of a Member State of the European Union (EU) and natural persons holding a temporary or permanent residence permit in a Member State of the European Union (EU).

In all cases, it is strongly recommended that investments be sufficiently diversified so that they are not exposed solely to the risks of this sub-fund.

▶ **Methods for determining and allocating distributable amounts:**

In accordance with regulatory provisions, net income for the fiscal year is equal to the amount of interest, arrears, dividends, premiums and bonuses, directors' fees, and any other income related to the securities comprising the sub-fund's portfolio, plus the income from any amounts temporarily available, less management fees and borrowing costs.

The amounts distributable by an undertaking for collective investment in transferable securities consist of:

1. Retained earnings added to net income, and the balance of accrued income added or subtracted as appropriate;

2. Capital gains realised, net of costs, minus realised losses, net of costs, recognised during the fiscal year, plus net gains of the same type recognised in previous fiscal years that were not distributed or accumulated, plus or minus the balance of accrued gains.

The amounts mentioned in no. 1 and 2 may be distributed, in whole or in part, independently of each other.

Distributable amounts	Equities
Net income (1)	Accumulation
Net realised capital gains (2)	Accumulation

Share characteristics:

The shares are denominated in euros.

Subscriptions and redemptions may be made in thousandths of shares for AC, IC, and RC shares.

Initial net asset value:

AC shares: €100

IC shares: €10,000

RC shares: €1,000

Minimum initial subscription amount:

AC shares: 1 thousandth of a share.

IC shares: €100,000.

RC shares: 1 thousandth of a share.

The switch from one share class to another or from one sub-fund to another is considered a disposal and is therefore liable to be subject to tax.

Subscription and redemption procedures:

Orders are executed in accordance with the table below:

Trading day (D)	Trading day (D)	D: NAV calculation date	D+1 trading	D+1 trading	D+1 trading day
Centralisation before 12 noon of subscription orders*	Centralisation before 12 noon of redemption orders*	Order execution no later than D	Publication of the net asset value	Settlement of subscriptions	Settlement of redemptions

*Except for any specific period agreed with your financial institution

Subscription and redemption requests are centralised every day at 12 noon, Paris time. They are executed on the basis of the net asset value calculated at the day’s closing prices.

Subscription and redemption requests received after 12 noon will be executed on the basis of the net asset value calculated on the closing prices of the next trading day. Subscription and redemption requests received on a non-trading day are executed on the basis of the net asset value calculated on the closing prices of the next trading day.

Subscribers are invited to send their instructions to their financial intermediary sufficiently in advance to allow them to be transmitted before the deadline at 12 noon.

Existence of a gate (redemption cap mechanism)

The subfund has a gate mechanism. At the time of centralisation, if redemption requests (net of subscriptions) received simultaneously from one or more unitholders represent more than 5% of net assets, the management company may decide to stagger the redemption movements (gate) after assessing the relevance, in particular in view of the impact on liquidity management, in order to guarantee balanced management of the fund and therefore equal treatment of unitholders.

If the management company triggers the gate, redemption requests, for all unit classes combined, not fully honoured by the net asset value calculation date will be automatically deferred to the next net asset value for those exceeding the gate trigger threshold and processed in the same proportion for each order without any order of priority.

The subfund has multiple unit classes, and the trigger threshold will be the same for each unit class.

On each net asset value calculation date, if the amount of redemptions minus the amount of subscription orders on the same net asset value is 5% or more of the subfund’s net assets, the management company may reduce each redemption order within the subfund’s maximum redemption limit. The management company will then proportionally reduce all redemption orders to the maximum redemption limit. Redemption requests will thus be reduced proportionally and expressed as a whole number of units (rounded up).

The subfund's maximum redemption limit on each net asset value calculation date is defined as 5% of the subfund's net assets or a greater amount at the discretion of the management company if market liquidity allows it.

The remaining portion of redemptions exceeding the maximum redemption limit cannot be cancelled. They will be automatically deferred to the next net asset value and processed in the same way as redemption orders placed on the next net asset value. Such deferred orders cannot be cancelled and will not have priority over subsequent redemption requests.

Under these circumstances, unitholders affected by the reduction of orders are informed individually of the amount of their deferred order as soon as possible by the Centralising Entity on the management company's instruction.

The triggering of the gate is communicated in the subfund's section of the management company's website.

Trigger exemption cases:

Redemptions followed by a subscription executed on the same day for the same net asset value and the same number of securities by the same unitholder will not be deferred, provided that the centralising entity has been expressly informed.

Example illustrating a gate

On the centralisation date, if redemption orders (net of subscriptions) represent 10% of the subfund's net assets and the management company decides to trigger the gate at 5% of the Fund's net assets:

- two days after the net asset value date, each investor who has submitted a redemption order will receive a settlement equal to 50% (5% divided by 10%) of the amount of the requested redemption;
- the remaining 50% will be deferred to the next net asset value date.

At the next centralisation, if the redemption orders net of subscriptions (new orders + balance of deferred orders) represent 50% of the subfund's net assets, and the management company decides to cap redemptions at 40%, all orders, including the balance of orders previously deferred, will be 80% honoured (40% divided by 50%).

Institutions designated to receive subscriptions and redemptions and responsible for ensuring compliance with the centralisation cut-off time indicated in the above paragraph:

CACEIS Bank and HSBC Continental Europe for clients for which it ensures custody account-keeping.

Shareholders' attention is drawn to the fact that orders transmitted to distributors other than the institutions mentioned above must take into account the fact that the cut-off time for centralising orders applies to said distributors vis-à-vis CACEIS Bank. Accordingly, its promoters may apply their own cut-off time, prior to the time mentioned above, in order to take into account their deadline for transmitting orders to CACEIS Bank.

Date and frequency of calculation of the net asset value:

The net asset value is calculated daily with the exception of Saturdays, Sundays, statutory holidays in France and days on which the French market is closed. Where applicable, the net asset value will be calculated on the basis of the prices on the previous day if it is a trading day. The net asset value can be obtained from the management company.

Net asset values may be obtained from the management company at the following address:

▶ **Fees and commissions:**

Subscription and redemption fees:

Subscription and redemption fees increase the subscription price paid by the investor or reduce the redemption price. The fees paid to the sub-fund are used to offset the costs incurred by the sub-fund in investing or divesting the assets entrusted. Fees not paid are paid to the management company, the distributor, etc.

Charges billed to the investor, deducted at the time of subscriptions and redemptions	**Base**	**Scale rate**	
		AC, IC shares:	**RC shares:**
Subscription fee not paid into the sub-fund	net asset value × number of shares	2% maximum	6% maximum
Subscription fee paid into the sub-fund	net asset value × number of shares	None	
Redemption fee not paid into the sub-fund	net asset value × number of shares	None	
Redemption fee paid into the sub-fund	net asset value × number of shares	None	

UCIs and mandates managed by an HSBC Group entity are exempted from subscription fees.

<u>Exemption</u>: Simultaneous redemption/subscription transactions based on the net asset value of subscription for a zero-balance transaction volume on the same sub-fund are carried out free of charge.

Charges:

Financial management fees and administrative fees external to the management company cover all fees charged directly to the sub-fund, with the exception of transaction fees. Transaction fees include intermediation fees (brokerage, stock exchange taxes, etc.) and transaction fees, where applicable, which may be collected in particular by the custodian and the management company.

In addition to the financial management fees and administrative fees external to the management company:

- *performance fees. These fees are paid to the management company when the sub-fund exceeds its objectives. They are therefore invoiced to the sub-fund;*
- *transaction fees charged to the sub-fund;*
- *a share of the income from temporary purchases and sales of securities.*

In the event of an increase in administrative fees external to the management company equal to or less than 0.10% including tax per year, the sub-fund's shareholders may be informed by any means.

In this case, the management company shall not be required to provide information to shareholders in a particular manner, nor to offer the possibility of redeeming their shares free of charge.

	Charges to the sub-fund	**Base**	**AC shares**	**IC shares**	**RC shares**

1	Financial management fees(*)	Daily net assets	Maximum 1% incl. taxes	Maximum 0.50% incl. taxes	Maximum 0.50% incl. taxes
2	Operating and other service costs(**)	Daily net assets	Maximum 0.20% incl. taxes		
3	Maximum indirect charges (commissions and management fees)	Daily net assets	Insignificant*		
4	Transaction fees	Deducted from each transaction	None		
5	Outperformance commission	Daily net assets	None		

** A percentage of the management fees may be retroceded to third-party distributors in return for marketing the sub-fund*

*** Operating and other service costs include:*

I. Fund registration and listing fees:

- costs relating to registration of the sub-fund in other Member States (including costs invoiced by advisors (lawyers, consultants, etc.) for carrying out the marketing formalities in respect of the local regulator on behalf of the SGP);
- listing fees for the sub-fund and publication of net asset values for investors' information;
- distribution platform costs (excluding retrocessions); agents in foreign countries who interface with distribution

II. Client and distributor information costs

- the costs of compiling and distributing DICs/prospectuses and regulatory reports;
- costs relating to the communication of regulatory information to distributors;
- costs of providing information to unitholders by any means;
- information specific to direct and indirect unitholders; Letters to unitholders, etc.;
- website administration costs;
- translation costs specific to the sub-fund.

III. Data costs

- costs of data used for redistribution to third parties;
-- audit and label promotion costs (e.g. SRI label, Greenfin label)

IV. Custodian, legal, audit, tax and other fees.

- statutory audit fees;
- fees related to the custodian;
- fees for delegation of administrative and accounting management;
- tax costs including lawyer and external expert (recovery of withholding taxes on behalf of the fund, local tax agent, etc.);
- legal fees specific to the sub-fund;
-- Costs of creating a new sub-fund depreciable over five years.

V. Fees relating to compliance with regulatory obligations and regulatory reporting
- fees for submitting regulatory reports to the regulator specific to the sub-fund;
- fees for compulsory professional associations

***The sub-fund invests less than 20% in UCIs*

The following costs may be added to the above-listed fees charged to the sub-fund:

- contributions due for the management of the sub-fund pursuant to paragraph 4 of section II of Article L. 621-5-3 of the French Monetary and Financial Code;
- exceptional and non-recurring taxes, levies and government duties (in relation to the sub-fund);
- exceptional and non-recurring costs for the recovery of receivables (e.g. Lehman) or proceedings to assert a right (e.g. class action).

<u>Brief description of the intermediary selection procedure</u>

The management company selects brokers or counterparties according to a procedure in accordance with applicable regulations. As part of this selection, the management company fulfils its best execution obligation at all times.

The objective selection criteria used by the management company specifically include the quality of order executions, the rates applied, and the financial soundness of each broker or counterparty.

The counterparties, investment companies, and service providers of HSBC Global Asset Management (France) are selected according to a specific evaluation process intended to ensure that quality service is provided to the company. This is a key element in the general decision-making process that incorporates the impact of the service quality of the broker across all our departments: Management, Financial and Credit Analysis, Trading and Middle Office.

Counterparty selection can involve an entity linked to the HSBC Group or the UCITS's depositary.

The "Policy of best execution and selection of intermediaries" is detailed on the management company's website.

HSBC RESPONSIBLE INVESTMENT FUNDS - SRI BALANCED

▶ **Date of creation**

The sub-fund was created on 30 September 2019.

▶ **ISIN codes:**

AC shares: FR0013443181

IC shares: FR0013443199

▶ **Investment objective:**

This sub-fund:

☒ Promotes environmental or social characteristics (Article 8 of Regulation (EU) 2019/2088 named Sustainable Finance Disclosure (SFDR)).

☐ Has a sustainable investment objective (Article 9 of Regulation (EU) 2019/2088 named Sustainable Finance Disclosure (SFDR)).

The management objective of the HSBC Responsible Investment Funds - SRI Balanced sub-fund is to maximise a performance corresponding to an investment with a moderate exposure to equity market risk over a recommended investment period of at least four years. This investment is made by selecting securities of companies or countries selected for their good environmental, social, and governance practices and their financial quality. The long-term strategic allocation is composed of 50% equities and 50% international bonds with a euro bias.

▶ **Benchmark indicator:**

The HSBC Responsible Investment Funds - SRI Balanced sub-fund has no benchmark.

Indeed, there is no benchmark representative of our management philosophy and therefore our investment universe.

▶ **Investment strategy:**

The HSBC Responsible Investment Funds – SRI Balanced sub-fund is a profiled sub-fund within a multi-asset SRI range composed of several profiles. With a strategic allocation consisting of 50% equities on average, it constitutes an investment with a moderate exposure to equity market risk.

The minimum extra-financial analysis rate of 90% is applied to the sub-fund's eligible assets.

The sources of performance of the sub-fund reside in:

- tactical allocation of asset classes;
- the selection of securities that meet non-financial and financial criteria;
- active management of interest rate and credit risk;
- active management of currency risk;
- choice of investment vehicles.

The sub-fund’s investment strategy is therefore broken down into several successive stages:

1) Tactical allocation of asset classes

The allocation of assets is a significant source of added value given that the performances of financial markets vary and depend on the economic cycle. For instance, economic slowdowns generally translate into negative equity market performance, and positive bond market performance. Tactical allocation thus becomes quite significant by aiming to optimise the overall exposure of the portfolio through joint management of multiple asset classes.

From the strategic allocation composed on average of 50% of rates, the manager exposes 45% to 55% of the sub-fund's assets to interest rates in order to adapt our forecasts to our economic scenario. Thus, the anticipation of a medium-term upward trend on the fixed income markets is reflected in a higher exposure of the portfolio to this asset class. The intensity of the overexposure relative to the strategic allocation depends on the manager's conviction.

2) Assessment and selection of securities according to non-financial criteria

The HSBC Responsible Investment Funds - SRI Balanced sub-fund is invested, at the manager's discretion, either by investing in securities of companies or countries, or by investing in UCIs managed by the HSBC Group. This stage of the process consists of, following Environmental, Social and Corporate Governance ("ESG") criteria:

- For public or private listed corporate issues: select, within each sector, a "Best in Class" approach that has the best ESG practices (for example: Energy, Transport, etc.) and
- For government issues (bonds), to be selected according to an ESG Selection approach, in euro-issued countries, countries with a minimum ESG rating according to the extra-financial rating agency ISS-Oekom.

The tobacco and arms sectors are systematically excluded, while the thermal coal sector is partially excluded for electricity generation (companies generating more than 10% of their turnover from electricity generated using thermal coal) and totally excluded for thermal coal extraction companies. All companies that have a confirmed violation of one of the 10 principles of the United Nations Global Compact or at least two alleged violations are systematically excluded.

A detailed description of the sub-fund's exclusions is provided in the SFDR appendix to the SICAV's prospectus.

The best-in-class approach consists in assessing each company and then ranking them.

To begin with, each company will receive four ratings: an E rating, an S rating, a G rating, and an aggregate rating. The first three are provided by external rating agencies, which aim to assess the relevant aspects for the sector to which the rated company belongs. An exhaustive list of external ESG data providers is available in the ESG Information section of the sub-fund on our website www.assetmanagement.hsbc.fr.

With regard to governance, aspects such as the structure and representativeness of the Board of Directors, attendance and level of independence of directors, transparency regarding how senior managers are set, the robustness of audit and control processes, and respect for minority shareholders' rights are systematically analysed. The assessment of the company's performance in these areas will also take into account the country in which the company belongs, the country in which it is listed and/or the country in which it has its registered office, for example. Indeed, corporate governance practices are highly dependent on national legislation. However, they will also be evaluated in accordance with international standards such as the OECD Guidelines.

The Environmental aspects are related to the nature of the company's activity and its sector. Thus, in extractive industries, "utilities" or air transport, the rejection of CO2 emissions directly related to the company's activity is of paramount importance: their non-measurement and non-control may represent a major industrial risk and may result in major financial penalties and/or reputational damage. On the other hand, in the automotive sector or the production of electrical equipment, the company's ability to invest in the development of products and solutions capable of rendering the expected service will be more evaluated, while limiting greenhouse gas emissions in their phase of use: hybrid or electric vehicles, intelligent systems for regulating and optimising energy consumption: "smart grid". Finally, some sectors have a very limited direct environmental impact such as the media, finance, etc.

The third pillar, Societal, covers concepts related to relations with civil society, staff management, remuneration and training policies, respect for trade union law, and occupational health and safety policies. The very nature of the company's business will strongly affect the nature and relative importance of these practices. Thus, in sectors with a proven hazardous nature such as construction, mining, prevention of workplace accidents and safety are priority criteria. However, in sectors such as telecoms, the fairness of pricing policies applied to customers and the protection of personal data are important issues.

Finally, these three ratings are aggregated to form an ESG rating, making it possible to rank companies. The selection of companies according to these ESG criteria is based on a proprietary ESG analysis model, supplied by data from non-financial rating agencies and internal research.

The securities are rated from 0 to 10. Each security is attached to one of the 30 ESG sectors that have been determined by the management company using an initial investment universe representing the strategic allocation.

These 30 ESG sectors bring together issuers in groups, for which a weighting of the E, S and G pillars is determined, which is based on the in-depth studies that analysts produce under the responsibility of the Global Head of ESG Research. In order for this to make sense, the ESG scores = X% of the E + Y% rating of the S + Z% of the G rating will be constructed based on X, Y and Z coefficients specific to each sector. For example, the financial sectors will be characterised by a very significant weight given to governance (G): up to 60%, while in sectors with a high environmental impact, the E component could represent up to 50% of the total rating. The weighting of these X, Y and Z coefficients is therefore a reflection of our knowledge of the different business sectors and their respective ESG impacts. It is the result of work that has mobilised our internal research resources as well as academic research.

The SRI universe consists in taking account of ESG criteria and classifying companies into quartiles within each sector. The SRI universe ratings of the HSBC Responsible Investment Funds- SRI balanced sub-fund are updated each month.

Stocks in the fourth quartile are excluded, but a maximum of 15% of net assets may be invested in stocks in the third quartile and without limitation in stocks in the first and second quartiles.

In accordance with this stock selection methodology, within the same sector, at least 25% of companies are required to be excluded.

The sub-fund’s portfolio must be brought into line with changes in quartiles resulting from changes in ratings within two weeks after the new SRI universes are sent out and at the latest before the end of each calendar month. However, on an exceptional basis, this period may be extended by three additional months, at the manager’s discretion, for companies in the fourth quartile.

The sub-fund may invest up to 10% in stocks not rated according to Environmental, Social, and Governance criteria. Non-rated stocks are stocks for which our ESG contributor does not provide the essential data for calculating the E, S, and G data and the combined rating.

The ESG selection approach used to select government issues (bonds) consists in ranking euro-issuing countries according to their overall “ESG” rating , which is based 50% on the Environmental pillar (E) and 50% on the Social/Governance pillar (S/G). The Social and Governance pillar includes analysis of the political system and governance, human rights and fundamental freedoms, and social conditions. The Environmental pillar includes analysis of natural resources, climate change and energy, production, and sustainable consumption.
The manager uses the ESG Selection approach to select the euro-issuing countries with a minimum ESG rating according to the non-financial rating agency ISS-Oekom.

The manager selects the countries with a minimum ESG rating according to the non-financial rating agency ISS-Oekom. The scores resulting from the analysis by the non-financial rating agency ISS-Oekom range from A+ to D-. The SRI strategy consists in selecting from among the issuing countries those with a minimum ESG rating. Thus:
- for countries rated between A+ and B-, there are no investment constraints.
- for countries rated C+, the weight of these States in the portfolio cannot exceed the representative weight of these countries in the Bloomberg Capital Euro Aggregate 500MM index.
- for countries rated between C and D-, investments are not permitted.

The rating of issuing countries is reviewed on an annual basis.

The Transparency Code for the HSBC Responsible Investment Funds - SRI Balanced sub-fund is publicly available online at www.assetmanagement.hsbc.fr and provides detailed information on the sub-fund's SRI approach. This SRI information is also available in its annual report.

The management company has also put in place a policy of engagement, notably through presence with companies, visits in the form of individual interviews and the exercise of our voting policy. These policies and the reports concerning engagement activities and the exercise of voting rights are available on the management company's website (www.assetmanagement.hsbc.fr).

3) Assessment of financial criteria

This step is dedicated to the selection of securities within the defined SRI universe, based on purely financial criteria. We consider that businesses that meet all these extra-financial and financial criteria conduct their activities with a genuine long-term development approach.

The stock selection strategy is to look for companies whose current valuation does not, in our view, reflect the structural profitability that they are likely to generate in normal times. Investment decisions are based on fundamental and valuation analysis.

The strategy for selecting bonds and debt securities

- 1- *active management of interest rate risk*, which is broken down into sensitivity management and curve strategies. The overall sensitivity of the sub-fund and the curve strategy are decided on the basis of the management team's market expectations regarding interest rate trends (in the event of a rise in interest rates, the value of fixed-rate bonds falls) and the deformation of the yield curve (exposure to specific yield curve points to take advantage of the flattening, steepening or curvature of the yield curve).

- 2- *active credit risk management*, which is broken down into a credit allocation: this allocation between government and non-governmental issuers depends on the relative value analysis of non-governmental securities carried out by the management team and based on qualitative and quantitative data to assess a security's relative price: our valuation of the security's value is compared to its market price.

Rigorous selection of issuers based on their risk-return profile, with the aim of minimising risk with equal return. This selection is based on in-depth knowledge of issuers, linked to the expertise of our team of credit analysts.

In addition, in order to achieve its investment objective, the manager will be able to invest in the HRIF - Europe Equity Green Transition; HRIF - SRI Euroland Equity; HRIF - SRI Euro Bond and HRIF - SRI Global Equity sub-funds of the SICAV Responsible Investment Funds.

Active management of currency risk: investment decisions in currencies other than the euro are based on an analysis of the macroeconomic environment and factors specific to the foreign exchange markets.

Currency risk exposure is permitted for up to 25% of assets.

▶ Instruments used:

Equities:

The sub-fund invests a minimum of 45% and a maximum and a maximum of 55% of its assets in equities and other equivalent securities traded on French and foreign regulated markets. The sub-fund may invest in small-, mid-, and large-cap stocks.

The manager may also invest in these instruments via UCIs governed by French or European law and/or investment funds.

Debt securities and money market instruments:

45% to 55% of the sub-fund's assets are invested in fixed-rate bonds (including EMTN), negotiable debt instruments, floating-rate and inflation-indexed bonds, securitisation vehicles, and mortgage bonds.

However, the manager may invest in these instruments via UCIs governed by French or European law and/or investment funds.

The sub-fund can invest up to 55% of its assets in private debt.

Debt securities and money market instruments will be issued by issuers rated “Investment Grade” (minimum rated BBB-/Baa3 by Standard and Poor’s or equivalent or deemed equivalent by the management company).

The sub-fund invested in debt securities and short-term money market instruments within a proposed range of 0% to 10%, whose rating will be equal to A1/P1 (Standard & Poor’s or equivalent or deemed equivalent by the management company and/or long-term equivalent), used to help achieve the management objective and possibly for cash management.

The management company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of the assets and in the selection of securities to buy or sell.

The Fund’s range of sensitivity is +2.5 to +4.5. The sensitivity of a bond corresponds to the price variation of this bond when the interest rates vary.

Shares or units of other UCIs or investment funds (up to 100% of its assets):

To help achieve the management objective and cash management.

☑ UCITS governed by French or foreign law;

☑ General investment fund governed by French law or AIF governed by foreign law;

☑ other investment funds: trackers - ETF (Exchange Traded Funds).

The fund manager will invest in UCIs managed or distributed by an HSBC Group entity unless such funds are not eligible or suitable, as these funds must meet defined financial and extra-financial objectives.

The SRI strategies of the UCIs or investment funds that may be selected by the manager (excluding UCIs/investment funds managed by the management company) may use ESG indicators and/or different SRI approaches independent of the sub-fund.

Derivatives

Nature of the investment markets:

☑ regulated;

☑ organised;

☑ over the counter.

Risks in which the manager wishes to trade:

☑ equity;

☑ interest rates;

☑ foreign exchange;

☐ credit;

☐ other risks (to be specified).

Nature of the operations, with all transactions being limited to the achievement of the management objective:

☑ hedging;

☑ exposure;

☐ arbitrage;

☐ other type (to be specified)

Nature of instruments used:

☑ futures (regulated markets);

☐ options on futures and securities (regulated markets);

☐ options on securities (over-the-counter markets);

☐ swaps (over-the-counter instruments);

☑ currency futures (over-the-counter instruments);

☐ credit derivatives

The sub-fund will not use TRS (Total Return Swaps).

The strategy for using derivatives to achieve the management objective:

☑ General portfolio coverage, certain risks, securities, etc.;

☑ reconstitution of synthetic exposure to assets and risks;

☑ increase in market exposure and accuracy of maximum authorised leverage; leverage 1

☐ other strategy (to be specified).

Counterparties eligible for over-the-counter financial futures transactions shall be selected according to the procedure described in paragraph: A brief description of the intermediary selection procedure.

Financial guarantees put in place as part of over-the-counter forward financial instruments are subject to a policy on financial guarantees available on the management company’s website.

These transactions may be entered into with counterparties selected by the management company from among financial institutions with their registered office in an OECD member country. These counterparties may be affiliated companies of the HSBC Group.

These counterparties must be of good credit quality and in any event the minimum rating is BBB- on the Standard & Poor’s scale or equivalent or having a rating deemed equivalent by the management company.

This policy on financial guarantees specifies:

- The discount applicable to financial guarantees. This depends on the volatility of the security, which is characterised by the type of assets received, the rating, the maturity of the security, etc. This discount has the effect of requesting a financial guarantee greater than the market value of the financial instrument.

- Assets accepted as collateral that may consist of cash, government securities, short-term negotiable securities and debt securities/bonds issued by private issuers.

Financial guarantees other than cash may not be sold, reinvested or pledged. Bonds must have a maximum maturity of 50 years.

Securities received as financial collateral may not be sold, reinvested or pledged as collateral. These securities must be liquid, transferable at any time and diversified, and must be issued by high-quality issuers that are not an entity of the counterparty or its group. Discounts may be applied to collateral received; they take into account the credit quality and price volatility of the securities.

Financial guarantees made up of cash must be:

- placed in deposits with credit institutions having its registered office in an OECD Member State or a third State with equivalent prudential rules,
- invested in high-quality government bonds,
- invested in reverse repurchase agreements for which the counterparty is a credit institution subject to prudential supervision, and for which the sub-fund may recall cash at any time,
- invested in short-term money market UCIs.

The provision of financial guarantees in the form of securities and/or cash is kept in segregated accounts by the custodian.

Securities with embedded derivatives (up to 100% of net assets)

Risks in which the manager wishes to trade:

☐ equity;

☑ interest rates;

☑ foreign exchange;

☑ credit;

☐ other risk (to be specified).

Nature of the operations, with all transactions being limited to achieving the investment objective. :

☑ hedging;

☑ exposure;

☑ arbitrage;

☐ other type (to be specified).

Nature of instruments used: EMTN, callable/puttable bonds

Embedded derivatives are used as an alternative to direct intervention on pure derivatives.

Deposits

In accordance with the French Monetary and Financial Code, deposits contribute to achieving the sub-fund's management objective by allowing it to generate cash.

Deposits may represent up to 10% of the sub-fund's net assets.

Cash borrowings

Exceptionally, with the objective of investing in anticipation of an increase in the markets or more temporary in the context of large redemptions, the sub-fund may be temporarily in a debit position and in this case use cash borrowing up to a maximum of 10% of the assets.

Repos and reverse repos

The sub-fund may not engage in repos and reverse repos.

▶ **Risk profile:**

Your money will be invested mainly in financial instruments selected by the management company. These instruments will be subject to market trends and fluctuations.

Main risks:

- Discretionary management risk: the sub-fund's discretionary management style is based on the management company's anticipation of changes in the various markets and securities. There is a risk that the sub-fund may not be invested in the best-performing markets and securities at all times, leading to a weaker performance.

- Risk of capital loss: the sub-fund does not offer any guarantee or capital protection. Investors may therefore not recover all the capital they initially invested.

- Interest rate risk: the price of fixed-rate bonds and other fixed-income products fluctuates in a direction opposite to that of interest rates. Hence, when interest rates rise, the value of these bonds falls, as does the net asset value. In addition, the manager has the possibility to carry out interest rate arbitrage transactions, meaning that he or she expects the yield curve to deteriorate. However, it may be distorted in a sense that the manager had not anticipated, which could cause a significant decrease in the net asset value.

- Credit risk: credit risk is the risk that the issuer's financial situation deteriorates, with the extreme risk being the issuer's default. This deterioration may result in a decline in the value of the issuer's securities and therefore a fall in the net asset value of the sub-fund. This is, for example, the risk of non-repayment of a bond in a timely manner. An issuer's credit risk is reflected in the ratings attributed to it by official rating agencies such as Moody's or Standard & Poor's. Ratings increase with credit risk: issuers from the Investment Grade category to the "High Yield" category. The management company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of the assets and in the selection of securities to buy or sell.

- Derivatives risk: the sub-fund may invest in financial futures and options up to the limit of its assets. This exposure to markets, assets, indices, etc. through forward and conditional financial instruments, including in the form of credit derivatives, may lead to more significant or rapid decreases in net asset value than the variation observed for the underlying assets of these instruments.

Equity risk: the sub-fund is exposed to equity risk through securities, units or shares of UCIs and/or financial instruments. Equity risk arises because the value of these securities is linked to market fluctuations. In the event that these equity markets decline, the net asset value of the portfolio may drop more significantly than these markets.
The sub-fund has the option of investing in small and mid-caps, which may cause the value of the sub-fund to fall more significantly and faster.

- Currency risk: this is the risk of a decline in the investment currencies against the portfolio's reference currency. Fluctuations in currencies relative to the reference currency may result in a decline in the value of these instruments and consequently a decrease in the sub-fund's net asset value.

Ancillary risks:

- Counterparty risk: the sub-fund is exposed to counterparty risk resulting from the use of over-the-counter financial futures and temporary purchases and sales of securities. This is the risk that the counterparty with which a contract has been entered into will not meet its commitments (delivery, payment, repayment, etc.).

In this case, the counterparty's default could lead to a decrease in the sub-fund's net asset value. This risk is reduced by the establishment of financial guarantees between the sub-fund and the counterparty, such as the exchange of collateral.

- Risk related to the management of financial guarantees: investors may be exposed to legal risk (in connection with legal documentation, application of contracts and their limits), operational risk and risk associated with the reuse of cash received as collateral, as the net asset value of the sub-fund may change depending on the fluctuation in the value of the securities acquired by investing the cash received as collateral. In the event of exceptional market circumstances, investors may also be exposed to liquidity risk resulting in, for example, trading difficulties in certain securities. Investors may be exposed to legal risk (in connection with legal documentation, application of contracts and their limits), operational risk and risk associated with the reuse of cash received as collateral, as the net asset value of the sub-fund may change depending on the fluctuation in the value of securities acquired by investing the cash received as collateral. In the event of exceptional market circumstances, investors may also be exposed to liquidity risk resulting in, for example, trading difficulties in certain securities.

- Securitisation risk: for these instruments, credit risk is mainly based on the quality of the underlying assets, which may be of various types (bank receivables, debt securities, etc.). These instruments are the result of complex arrangements that may involve legal risks and specific risks relating to the characteristics of the underlying assets. The occurrence of these risks may lead to a decrease in the sub-fund's net asset value.

- Liquidity risk: the markets on which the sub-fund invests may occasionally and temporarily be affected by a lack of liquidity in certain market circumstances or configurations. These market disruptions may affect the price conditions under which the sub-fund may be required to liquidate, initiate or modify positions and therefore lead to a decrease in the sub-fund's net asset value.

The risk factors set out above are not exhaustive. It is the responsibility of each investor to analyse the risk inherent in such an investment and to forge their own opinion independently of the HSBC Group by relying, if necessary, on the advice of all specialist advice on such matters in order to ensure, in particular, that this investment is appropriate to their financial situation.

Integration of sustainability risks in investment decisions and likely impact of sustainability risks on performance

1. As a financial market participant, the management company is subject to Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (or “SFDR regulation”).

As such, it has put in place a policy for integrating sustainability risks in its investment decision-making processes.

Sustainability risk is 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.

The sustainability risk policy is centred on the ten principles of the United Nations Global Compact (“UNGC”), which defines the key areas of financial and non-financial risk: human rights, labour, environment and anti-corruption. The management company relies on service providers to identify companies that perform poorly in these areas and, if potential sustainability risks are identified, it then conducts its own checks. The management company’s strategy involves monitoring sustainability risks on an ongoing basis.

The management company acts in the best interest of investors. Over time, sustainability risks can influence the performance of UCIs through their investment with regard to emissions by companies, sectors, regions and asset classes. Although the UCIs have their own management strategy, the management company’s objective is to generate competitive returns for investors while taking their risk profile into account. To do so, it conducts an in-depth financial analysis and a comprehensive sustainability risk assessment as part of its broader risk assessment for each UCI.

The sustainability risk policy can be found on the management company’s website: www.assetmanagement.hsbc.fr.

2. Companies that properly manage sustainability risks are better positioned to anticipate future sustainability risks and opportunities. This makes them strategically more resilient and thus able to anticipate and adapt to long-term risks and opportunities. Likewise, when they are not properly managed, sustainability risks can have negative impacts on the value of the underlying company or the competitiveness of a country that issues sovereign bonds. Sustainability risks can take different forms for the companies or governments in which the UCIs invest, such as: (i) a decline in turnover due to changing consumer preferences, negative impacts on the workforce, social unrest and a decline in production capacity; (ii) higher capital/operating costs; (iii) the depreciation and anticipated retirement of existing assets; (iv) reputational damage due to fines and court orders and the loss of the right to engage in its activity; and (v) sovereign bond market and credit risk. All these risks could potentially affect the UCIs’ performance.

The potential impacts of sustainability risks on the UCIs’ performance will also depend on the investments made by these UCIs and the materiality of the sustainability risks. The likelihood that sustainability risks will occur should be mitigated by their integration in the investment decision-making procedure. The potential impacts of sustainability risks on the performance of UCIs that use ESG criteria are further mitigated. However, there is no guarantee that these measures will completely mitigate or prevent the occurrence of sustainability risks for these UCIs. As a result, the likely impact on UCIs’ performance of an actual or potential material decline in the value of an investment due to a sustainability risk will vary and depend on several factors.

3. The sub-fund takes sustainability risks into consideration in the investment decision-making process. The management company integrates sustainability risks by identifying the ESG factors likely to have a material financial impact on an investment’s performance. Exposure to a sustainability risk does not necessarily mean that the management company will refrain from taking

or maintaining a position. Rather, it means that the management company will take into consideration sustainability risk assessments as well as other material factors in the context of the company in which it is investing or the issuer, the investment objective and the investment strategy of the sub-fund.

4.The sub-fund may invest in derivatives. In that case, it is more difficult to take sustainability risks into account as the sub-fund does not invest directly in the underlying asset. As of the date of the prospectus, no ESG integration methodology can be applied to derivatives.

5. A detailed description of the sub-fund's consideration of principal adverse impacts on sustainability factors is provided in the SFDR appendix to the prospectus.

The provisions of the SFDR are supplemented by those of Regulation (EU) 2020/852 of 18 June 2020, known as the Taxonomy Regulation. It establishes an EU-wide classification system intended to provide businesses and investors with a common language to identify to what degree economic activities can be considered environmentally sustainable.
To be sustainable, an economic activity must meet the sustainability criteria of the Taxonomy Regulation, including doing no significant harm to any of the environmental objectives set out in this Regulation.

The principle of "do no significant harm" applies only to the investments that take into account the European Union's criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the sub-fund do not take into account the EU criteria for environmentally sustainable economic activities.

The sub-fund does not commit to making investments that contribute to the following environmental objectives:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control; and
- the protection and restoration of biodiversity and ecosystems.

▶ **Guarantee or protection:**

None

▶ **Relevant subscribers and typical investor profile:**

AC shares: all subscribers

IC shares: all subscribers but more specifically intended for institutional clients.

This product is intended in particular for subscribers seeking a diversification instrument combining equities and bonds that meet high standards in the field of Sustainable Development while maintaining a performance objective over the long term.

The recommended investment period is more than four years.

Shareholders are therefore invited to contact their relationship manager or usual advisor if they wish to conduct an analysis of their personal situation. This analysis may, depending on the case, be invoiced to them by their advisor and cannot under any circumstances be borne by the sub-fund or the management company.

Provisional measures prohibiting subscriptions to the sub-fund from 12 April 2022:

From 12 April 2022, pursuant to EU regulation no. 833/2014 as amended and EU regulation no. 765/2006 as amended, the subscription of shares in this sub-fund is prohibited to any Russian or Belarusian national, to any natural person residing in Russia or Belarus or to any legal person, entity or organisation established in Russia or Belarus except for nationals of a Member State of the European Union (EU) and natural persons holding a temporary or permanent residence permit in a Member State of the European Union (EU).

In all cases, it is strongly recommended that investments be sufficiently diversified so that they are not exposed solely to the risks of this sub-fund.

▶ **Methods for determining and allocating distributable amounts:**

In accordance with regulatory provisions, net income for the fiscal year is equal to the amount of interest, arrears, dividends, premiums and bonuses, directors' fees, and any other income related to the securities comprising the sub-fund's portfolio, plus the income from any amounts temporarily available, less management fees and borrowing costs.

The amounts distributable by an undertaking for collective investment in transferable securities consist of:

1. Retained earnings added to net income, and the balance of accrued income added or subtracted as appropriate;

2. Capital gains realised, net of costs, minus realised losses, net of costs, recognised during the fiscal year, plus net gains of the same type recognised in previous fiscal years that were not distributed or accumulated, plus or minus the balance of accrued gains.

The amounts mentioned in no. 1 and 2 may be distributed, in whole or in part, independently of each other.

Distributable amounts	**Equities**
Net income (1)	Accumulation
Net realised capital gains (2)	Accumulation

Share characteristics:

The shares are denominated in euros.

Subscriptions and redemptions may be made in thousandths of shares for AC and IC shares.

Initial net asset value:

AC shares: €100

IC shares: €10,000

Minimum initial subscription amount:

AC shares: 1 thousandth of a share.

IC shares: €100,000.

The switch from one share class to another or from one sub-fund to another is considered a disposal and is therefore liable to be subject to tax.

Subscription and redemption procedures:

Orders are executed in accordance with the table below:

Trading day (D)	Trading day (D)	D: NAV calculation date	D+1 trading day	D+1 trading day	D+1 trading day
Centralisation before 12 noon of subscription orders*	Centralisation before 12 noon of redemption orders*	Order execution no later than D	Publication of the net asset value	Settlement of subscriptions	Settlement of redemptions

*Except for any specific period agreed with your financial institution

Subscription and redemption requests are centralised every day at 12 noon, Paris time. They are executed on the basis of the net asset value calculated at the day's closing prices.

Subscription and redemption requests received after 12 noon will be executed on the basis of the net asset value calculated on the closing prices of the next trading day. Subscription and redemption requests received on a non-trading day are executed on the basis of the net asset value calculated on the closing prices of the next trading day.

Subscribers are invited to send their instructions to their financial intermediary sufficiently in advance to allow them to be transmitted before the deadline at 12 noon.

Existence of a gate (redemption cap mechanism)

The subfund has a gate mechanism. At the time of centralisation, if redemption requests (net of subscriptions) received simultaneously from one or more unitholders represent more than 5% of net assets, the management company may decide to stagger the redemption movements (gate) after assessing the relevance, in particular in view of the impact on liquidity management, in order to guarantee balanced management of the fund and therefore equal treatment of unitholders.

If the management company triggers the gate, redemption requests, for all unit classes combined, not fully honoured by the net asset value calculation date will be automatically deferred to the next net asset value for those exceeding the gate trigger threshold and processed in the same proportion for each order without any order of priority.

The subfund has multiple unit classes, and the trigger threshold will be the same for each unit class.

On each net asset value calculation date, if the amount of redemptions minus the amount of subscription orders on the same net asset value is 5% or more of the subfund's net assets, the management company may reduce each redemption order within the subfund's maximum redemption limit. The management company will then proportionally reduce all redemption orders to the maximum redemption limit. Redemption requests will thus be reduced proportionally and expressed as a whole number of units (rounded up).

The subfund's maximum redemption limit on each net asset value calculation date is defined as 5% of the subfund's net assets or a greater amount at the discretion of the management company if market liquidity allows it.

The remaining portion of redemptions exceeding the maximum redemption limit cannot be cancelled. They will be automatically deferred to the next net asset value and processed in the same way as redemption orders placed on the next net asset value. Such deferred orders cannot be cancelled and will not have priority over subsequent redemption requests.

Under these circumstances, unitholders affected by the reduction of orders are informed individually of the amount of their deferred order as soon as possible by the Centralising Entity on the management company's instruction.

The triggering of the gate is communicated in the subfund's section of the management company's website.

Trigger exemption cases:

Redemptions followed by a subscription executed on the same day for the same net asset value and the same number of securities by the same unitholder will not be deferred, provided that the centralising entity has been expressly informed.

Example illustrating a gate

On the centralisation date, if redemption orders (net of subscriptions) represent 10% of the subfund's net assets and the management company decides to trigger the gate at 5% of the Fund's net assets:

- two days after the net asset value date, each investor who has submitted a redemption order will receive a settlement equal to 50% (5% divided by 10%) of the amount of the requested redemption;
- the remaining 50% will be deferred to the next net asset value date.

At the next centralisation, if the redemption orders net of subscriptions (new orders + balance of deferred orders) represent 50% of the subfund's net assets, and the management company decides to cap redemptions at 40%, all orders, including the balance of orders previously deferred, will be 80% honoured (40% divided by 50%).

Institutions designated to receive subscriptions and redemptions and responsible for ensuring compliance with the centralisation cut-off time indicated in the above paragraph:

CACEIS Bank and HSBC Continental Europe for clients for which it ensures custody account-keeping.

Shareholders' attention is drawn to the fact that orders transmitted to distributors other than the institutions mentioned above must take into account the fact that the cut-off time for centralising orders applies to said distributors vis-à-vis CACEIS Bank. Accordingly, its promoters may apply their own cut-off time, prior to the time mentioned above, in order to take into account their deadline for transmitting orders to CACEIS Bank.

Date and frequency of calculation of the net asset value:

The net asset value is calculated daily with the exception of Saturdays, Sundays, statutory holidays in France and days on which the French market is closed. Where applicable, the net asset value will be calculated on the basis of the prices on the previous day if it is a trading day. The net asset value can be obtained from the management company.

Net asset values may be obtained from the management company at the following address:

HSBC Global Asset Management (France)

Cœur Défense – 110 esplanade du Général de Gaulle – La Défense 4 – 92800 Courbevoie

▶ **Fees and commissions:**

Subscription and redemption fees:

Subscription and redemption fees increase the subscription price paid by the investor or reduce the redemption price. The fees paid to the sub-fund are used to offset the costs incurred by the sub-fund in investing or divesting the assets entrusted. Fees not paid are paid to the management company, the distributor, etc.

Charges billed to the investor, deducted at the time of subscriptions and redemptions	Base	Scale rate
		AC, IC shares:
Subscription fee not paid into the sub-fund	net asset value × number of shares	2% maximum
Subscription fee paid into the sub-fund	net asset value × number of shares	None
Redemption fee not paid into the sub-fund	net asset value × number of shares	None
Redemption fee paid into the sub-fund	net asset value × number of shares	None

UCIs and mandates managed by an HSBC Group entity are exempted from subscription fees.

Exemption: Simultaneous redemption/subscription transactions based on the net asset value of subscription for a zero-balance transaction volume on the same sub-fund are carried out free of charge.

Charges:

Financial management fees and administrative fees external to the management company cover all fees charged directly to the sub-fund, with the exception of transaction fees. Transaction fees include intermediation fees (brokerage, stock exchange taxes, etc.) and transaction fees, where applicable, which may be collected in particular by the custodian and the management company.

In addition to the financial management fees and administrative fees external to the management company:

- *performance fees. These fees are paid to the management company when the sub-fund exceeds its objectives. They are therefore invoiced to the sub-fund;*
- *transaction fees charged to the sub-fund;*
- *a share of the income from temporary purchases and sales of securities.*

In the event of an increase in administrative fees external to the management company equal to or less than 0.10% including tax per year, the sub-fund's shareholders may be informed by any means.

In this case, the management company shall not be required to provide information to shareholders in a particular manner, nor to offer the possibility of redeeming their shares free of charge.

	Charges to the sub-fund	Base	AC shares	IC shares
1	Financial management fees(*)	Daily net assets	Maximum 1.20% incl. taxes	Maximum 0.60% incl. taxes

2	Operating and other service costs(**)	Daily net assets	Maximum 0.20% incl. taxes
3	Maximum indirect charges (commissions and management fees)	Daily net assets	Maximum 0.30% incl. taxes
4	Transaction fees	Deducted from each transaction	None
5	Outperformance commission	Daily net assets	None

** A percentage of the management fees may be retroceded to third-party distributors in return for marketing the sub-fund*

*** Operating and other service costs include:*

I. Fund registration and listing fees:

- costs relating to registration of the sub-fund in other Member States (including costs invoiced by advisors (lawyers, consultants, etc.) for carrying out the marketing formalities in respect of the local regulator on behalf of the SGP);
- listing fees for the sub-fund and publication of net asset values for investors' information;
- distribution platform costs (excluding retrocessions); agents in foreign countries who interface with distribution

II. Client and distributor information costs

- the costs of compiling and distributing DICs/prospectuses and regulatory reports;
- costs relating to the communication of regulatory information to distributors;
- costs of providing information to unitholders by any means;
- information specific to direct and indirect unitholders; Letters to unitholders, etc.;
- website administration costs;
- translation costs specific to the sub-fund.

III. Data costs

- costs of data used for redistribution to third parties;
-- audit and label promotion costs (e.g. SRI label, Greenfin label)

IV. Custodian, legal, audit, tax and other fees.

- statutory audit fees;
- fees related to the custodian;
- fees for delegation of administrative and accounting management;
- tax costs including lawyer and external expert (recovery of withholding taxes on behalf of the fund, local tax agent, etc.);
- legal fees specific to the sub-fund;
-- Costs of creating a new sub-fund depreciable over five years.

V. Fees relating to compliance with regulatory obligations and regulatory reporting
- fees for submitting regulatory reports to the regulator specific to the sub-fund;
- fees for compulsory professional associations
- operating costs for deployment of voting policies at General Meetings

***The sub-fund invests less than 20% in UCIs*

The following costs may be added to the above-listed fees charged to the sub-fund:

- contributions due for the management of the sub-fund pursuant to paragraph 4 of section II of Article L. 621-5-3 of the French Monetary and Financial Code;
- exceptional and non-recurring taxes, levies and government duties (in relation to the sub-fund);
- exceptional and non-recurring costs for the recovery of receivables (e.g. Lehman) or proceedings to assert a right (e.g. class action).

Brief description of the intermediary selection procedure

The management company selects brokers or counterparties according to a procedure in accordance with applicable regulations. As part of this selection, the management company fulfils its best execution obligation at all times.

The objective selection criteria used by the management company specifically include the quality of order executions, the rates applied, and the financial soundness of each broker or counterparty.

The counterparties, investment companies, and service providers of HSBC Global Asset Management (France) are selected according to a specific evaluation process intended to ensure that quality service is provided to the company. This is a key element in the general decision-making process that incorporates the impact of the service quality of the broker across all our departments: Management, Financial and Credit Analysis, Trading and Middle Office.

Counterparty selection can involve an entity linked to the HSBC Group or the UCITS's depositary.

The "Policy of best execution and selection of intermediaries" is detailed on the management company's website.

HSBC RESPONSIBLE INVESTMENT FUNDS - SRI DYNAMIC

▶ **Date of creation**

The sub-fund was created on 30 September 2019.

▶ **ISIN codes:**

AC shares: FR0013443165

IC shares: FR0013443173

▶ **Investment objective:**

This sub-fund:

☒ Promotes environmental or social characteristics (Article 8 of Regulation (EU) 2019/2088 named Sustainable Finance Disclosure (SFDR)).

☐ Has a sustainable investment objective (Article 9 of Regulation (EU) 2019/2088 named Sustainable Finance Disclosure (SFDR)).

The investment objective of the HSBC Responsible Investment Funds - SRI Dynamic sub-fund is to maximise a performance corresponding to a diversified investment with a high exposure to equity risk over a recommended investment period of at least five years. This investment is made by selecting securities of companies or countries selected for their good environmental, social, and governance practices and their financial quality. The long-term strategic allocation is composed of 80% equities and 20% international bonds with a euro bias.

▶ **Benchmark indicator:**

The HSBC Responsible Investment Funds - SRI Dynamic sub-fund has no benchmark.

Indeed, there is no benchmark representative of our management philosophy and therefore our investment universe.

▶ **Investment strategy:**

The HSBC Responsible Investment Funds – SRI Dynamic sub-fund is a profiled sub-fund within a multi-asset SRI range composed of several profiles. With a strategic allocation consisting of 80% equities on average, it constitutes an investment with a high exposure to equity market risk.

The minimum extra-financial analysis rate of 90% is applied to the sub-fund's eligible assets.

The sources of performance of the sub-fund reside in:

- tactical allocation of asset classes;
- the selection of securities that meet non-financial and financial criteria;
- active management of interest rate and credit risk;
- active management of currency risk;
- choice of investment vehicles.

The sub-fund’s investment strategy is therefore broken down into several successive stages:

1) *Tactical allocation between asset classes:*

The allocation of assets is a significant source of added value given that the performances of financial markets vary and depend on the economic cycle. For instance, economic slowdowns generally translate into negative equity market performance, and positive bond market performance. Tactical allocation thus becomes quite significant by aiming to optimise the overall exposure of the portfolio through joint management of multiple asset classes.

From the strategic allocation including 20% of rates, the manager exposes 10% to 25% of the sub-fund to the various asset classes in order to adapt our forecasts to our economic scenario. Thus, the anticipation of a medium-term upward trend on the fixed income markets is reflected in a higher exposure of the portfolio to this asset class. The intensity of the overexposure relative to the strategic allocation depends on the manager's conviction.

2) Assessment and selection of securities according to non-financial criteria

The HSBC Responsible Investment Funds - SRI Dynamic sub-fund is invested, at the manager's discretion, either by investing in securities of companies or countries, or by investing in UCIs managed by the HSBC Group. This stage of the process consists of, following Environmental, Social and Corporate Governance ("ESG") criteria:

- For public or private listed corporate issues: select, within each sector, a "Best in Class" approach that has the best ESG practices (for example: Energy, Transport, etc.) and
- For government issues (bonds), to be selected according to an ESG Selection approach, in euro-issued countries, countries with a minimum ESG rating according to the extra-financial rating agency ISS-Oekom.

The tobacco and arms sectors are systematically excluded, while the thermal coal sector is partially excluded for electricity generation (companies generating more than 10% of their turnover from electricity generated using thermal coal) and totally excluded for thermal coal extraction companies. All companies that have a confirmed violation of one of the 10 principles of the United Nations Global Compact or at least two alleged violations are systematically excluded.

A detailed description of the sub-fund's exclusions is provided in the SFDR appendix to the SICAV's prospectus.

To begin with, each company will receive four ratings: an E rating, an S rating, a G rating, and an aggregate rating. The first three are provided by external rating agencies, which aim to assess the relevant aspects for the sector to which the rated company belongs.

With regard to governance, aspects such as the structure and representativeness of the Board of Directors, attendance and level of independence of directors, transparency regarding how senior managers are set, the robustness of audit and control processes, and respect for minority shareholders' rights are systematically analysed. The assessment of the company's performance in these areas will also take into account the country in which the company belongs, the country in which it is listed and/or the country in which it has its registered office, for example. Indeed, corporate governance practices are highly dependent on national legislation. However, they will also be evaluated in accordance with international standards such as the OECD Guidelines.

The Environmental aspects are related to the nature of the company's activity and its sector. Thus, in extractive industries, "utilities" or air transport, the rejection of CO2 emissions directly related to the company's activity is of paramount importance: their non-measurement and non-control may represent a major industrial risk and may result in major financial penalties and/or reputational damage. On the other hand, in the automotive sector or the production of electrical equipment, the company's ability to invest in the development of products and solutions capable of rendering the expected service will be more evaluated, while limiting greenhouse gas emissions in their phase of use: hybrid or electric vehicles, intelligent systems for regulating and optimising energy consumption: "smart grid". Finally, some sectors have a very limited direct environmental impact such as the media, finance, etc.

The third pillar, Societal, covers concepts related to relations with civil society, staff management, remuneration and training policies, respect for trade union law, and occupational health and safety policies. The very nature of the company's business will strongly affect the nature and relative importance of these practices. Thus, in sectors with a proven hazardous nature such as construction, mining, prevention of workplace accidents and safety are priority criteria. However, in sectors such as telecoms, the fairness of pricing policies applied to customers and the protection of personal data are important issues.

Finally, these three ratings are aggregated to form an ESG rating, making it possible to rank companies. The selection of companies according to these ESG criteria is based on a proprietary ESG analysis model, supplied by data from non-financial rating agencies and internal research.

The securities are rated from 0 to 10. Each security is attached to one of the 30 ESG sectors that have been determined by the management company using an initial investment universe representing the strategic allocation.

These 30 ESG sectors bring together issuers in groups, for which a weighting of the E, S and G pillars is determined, which is based on the in-depth studies that analysts produce under the responsibility of the Global Head of ESG Research. In order for this to make sense, the ESG scores = X% of the E + Y% rating of the S + Z% of the G rating will be constructed based on X, Y and Z coefficients specific to each sector. For example, the financial sectors will be characterised by a very significant weight given to governance (G): up to 60%, while in sectors with a high environmental impact, the E component could represent up to 50% of the total rating. The weighting of these X, Y and Z coefficients is therefore a reflection of our knowledge of the different business sectors and their respective ESG impacts. It is the result of work that has mobilised our internal research resources as well as academic research.

The SRI universe consists in taking account of ESG criteria and classifying companies into quartiles within each sector. The SRI universe ratings of the HSBC Responsible Investment Funds – SRI Dynamic sub-fund are updated each month.

Stocks in the fourth quartile are excluded, but a maximum of 15% of net assets may be invested in stocks in the third quartile and without limitation in stocks in the first and second quartiles.

In accordance with this stock selection methodology, within the same sector, at least 25% of companies are required to be excluded.

The sub-fund's portfolio must be brought into line with changes in quartiles resulting from changes in ratings within two weeks after the new SRI universes are sent out and at the latest before the end of each calendar month. However, on an exceptional basis, this period may be extended by three additional months, at the manager's discretion, for companies in the fourth quartile.

The sub-fund may invest up to 10% in stocks not rated according to Environmental, Social, and Governance criteria. Non-rated stocks are stocks for which our ESG contributor does not provide the essential data for calculating the E, S, and G data and the combined rating.

The ESG selection approach used to select government issues (bonds) consists in ranking euro-issuing countries according to their overall "ESG" rating , which is based 50% on the Environmental pillar (E) and 50% on the Social/Governance pillar (S/G). The Social and Governance pillar includes analysis of the political system and governance, human rights and fundamental freedoms, and social conditions. The Environmental pillar includes analysis of natural resources, climate change and energy, production, and sustainable consumption.
The manager uses the ESG Selection approach to select the euro-issuing countries with a minimum ESG rating according to the non-financial rating agency ISS-Oekom.

The manager selects the countries with a minimum ESG rating according to the non-financial rating agency ISS-Oekom. The scores resulting from the analysis by the non-financial rating agency ISS-Oekom range from A+ to D-. The SRI strategy consists in selecting from among the issuing countries those with a minimum ESG rating. Thus:
- for countries rated between A+ and B-, there are no investment constraints.
- for countries rated C+, the weight of these States in the portfolio cannot exceed the representative weight of these countries in the Bloomberg Capital Euro Aggregate 500MM index.
- for countries rated between C and D-, investments are not permitted.

The rating of issuing countries is reviewed on an annual basis.

The Transparency Code for the HSBC Responsible Investment Funds - SRI Dynamic sub-fund is publicly available at www.assetmanagement.hsbc.fr and provides detailed information on the sub-fund's SRI approach. This SRI information is also available in its annual report.

The management company has also put in place a policy of engagement, notably through presence with companies, visits in the form of individual interviews and the exercise of our voting policy. These policies and the reports concerning engagement activities and the exercise of voting rights are available on the management company's website (www.assetmanagement.hsbc.fr/fr).

3) Assessment of financial criteria

This step is dedicated to the selection of securities within the defined SRI universe, based on purely financial criteria. We consider that businesses that meet all these extra-financial and financial criteria conduct their activities with a genuine long-term development approach.

The stock selection strategy is to look for companies whose current valuation does not, in our view, reflect the structural profitability that they are likely to generate in normal times. Investment decisions are based on fundamental and valuation analysis.

The strategy for selecting bonds and debt securities

- 1- *active management of interest rate risk*, which is broken down into sensitivity management and curve strategies. The overall sensitivity of the sub-fund and the curve strategy are decided on the basis of the management team's market expectations regarding interest rate trends (in the event of a rise in interest rates, the value of fixed-rate bonds falls) and the deformation of the yield curve (exposure to specific yield curve points to take advantage of the flattening, steepening or curvature of the yield curve).

- 2- *active credit risk management*, which is broken down into a credit allocation: this allocation between government and non-governmental issuers depends on the relative value analysis of non-governmental securities carried out by the management team and based on qualitative and quantitative data to assess a security's relative price: our valuation of the security's value is compared to its market price.

Rigorous selection of issuers based on their risk-return profile, with the aim of minimising risk with equal return. This selection is based on in-depth knowledge of issuers, linked to the expertise of our team of credit analysts.

In addition, in order to achieve its investment objective, the manager will be able to invest in the HRIF - Europe Equity Green Transition; HRIF - SRI Euroland Equity; HRIF - SRI Euro Bond and HRIF - SRI Global Equity sub-funds of the SICAV Responsible Investment Funds.

Active management of currency risk: investment decisions in currencies other than the euro are based on an analysis of the macroeconomic environment and factors specific to the foreign exchange markets.

Currency risk exposure is permitted for up to 10% of assets.

The sub-fund is eligible for the PEA.

▶ Instruments used:

Equities:

The sub-fund invests a minimum of 75% and a maximum of 90% of its assets in equities and other equivalent securities traded on French and foreign regulated markets. The sub-fund may invest in small-, mid-, and large-cap stocks.

The manager may also invest in these instruments via UCIs governed by French or European law and/or investment funds.

Debt securities and money market instruments:

From 10% to a maximum of 25% of the sub-fund’s assets are invested in fixed-rate bonds (including EMTN), negotiable debt instruments, floating-rate and inflation-indexed bonds, securitisation vehicles, and mortgage bonds.

However, the manager may invest in these instruments via UCIs governed by French or European law and/or investment funds.

The sub-fund can invest up to 25% of its assets in private debt.

Debt securities and money market instruments will be issued by issuers rated “Investment Grade” (minimum rated BBB-/Baa3 by Standard and Poor’s or equivalent or deemed equivalent by the management company). The rating taken into consideration is the lowest rating of the two.

The sub-fund invested in debt securities and short-term money market instruments within a proposed range of 0% to 10%, whose rating will be equal to A1/P1 (Standard & Poor’s or equivalent or deemed equivalent by the management company and/or long-term equivalent), used to help achieve the management objective and possibly for cash management.

The management company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of the assets and in the selection of securities to buy or sell.

The Fund’s range of sensitivity is 0 to +2.5. The sensitivity of a bond corresponds to the price variation of this bond when the interest rates vary.

Shares or units of other UCIs or investment funds (up to 100% of its assets):

To help achieve the management objective and cash management.

☑ UCITS governed by French or foreign law;

☑ General investment fund governed by French law or AIF governed by foreign law;

☑ other investment funds: trackers - ETF (Exchange Traded Funds).

The fund manager will invest in UCIs managed or distributed by an HSBC Group entity unless such funds are not eligible or suitable, as these funds must meet defined financial and extra-financial objectives.

The SRI strategies of the UCIs or investment funds that may be selected by the manager (excluding UCIs/investment funds managed by the management company) may use ESG indicators and/or different SRI approaches independent of the sub-fund.

Derivatives

Nature of the investment markets:

☑ regulated;

☑ organised;

☑ over the counter.

Risks in which the manager wishes to trade:

☑ equity;

☑ interest rates;

☑ foreign exchange;

☐ credit;

☐ other risks (to be specified).

Nature of the operations, with all transactions being limited to the achievement of the management objective:

☑ hedging;

☑ exposure;

☐ arbitrage;

☐ other type (to be specified)

Nature of instruments used:

☑ futures (regulated markets);

☐ options on futures and securities (regulated markets);

☐ options on securities (over-the-counter markets);

☐ swaps (over-the-counter instruments);

☑ currency futures (over-the-counter instruments);

☐ credit derivatives

The sub-fund will not use TRS (Total Return Swaps).

The strategy for using derivatives to achieve the management objective:

☑ General portfolio coverage, certain risks, securities, etc.;

☑ reconstitution of synthetic exposure to assets and risks;

☑ increase in market exposure and accuracy of maximum authorised leverage: leverage 1;

☐ other strategy (to be specified).

Counterparties eligible for over-the-counter financial futures transactions shall be selected according to the procedure described in paragraph: A brief description of the intermediary selection procedure.

Financial guarantees put in place as part of over-the-counter forward financial instruments are subject to a policy on financial guarantees available on the management company's website.

These transactions may be entered into with counterparties selected by the management company from among financial institutions with their registered office in an OECD member country. These counterparties may be affiliated companies of the HSBC Group.

These counterparties must be of good credit quality and in any event the minimum rating is BBB- on the Standard & Poor's scale or equivalent or having a rating deemed equivalent by the management company.

This policy on financial guarantees specifies:

- The discount applicable to financial guarantees. This depends on the volatility of the security, which is characterised by the type of assets received, the rating, the maturity of the security, etc. This discount has the effect of requesting a financial guarantee greater than the market value of the financial instrument.

- Assets accepted as collateral that may consist of cash, government securities, short-term negotiable securities and debt securities/bonds issued by private issuers.

Financial guarantees other than cash may not be sold, reinvested or pledged. Bonds must have a maximum maturity of 50 years.

Securities received as financial collateral may not be sold, reinvested or pledged as collateral. These securities must be liquid, transferable at any time and diversified, and must be issued by high-quality issuers that are not an entity of the counterparty or its group. Discounts may be applied to collateral received; they take into account the credit quality and price volatility of the securities.

Financial guarantees made up of cash must be:

- placed in deposits with credit institutions having its registered office in an OECD Member State or a third State with equivalent prudential rules,
- invested in high-quality government bonds,
- invested in reverse repurchase agreements for which the counterparty is a credit institution subject to prudential supervision, and for which the sub-fund may recall cash at any time,
- invested in short-term money market UCIs.

The provision of financial guarantees in the form of securities and/or cash is kept in segregated accounts by the custodian.

Securities with embedded derivatives (up to 100% of net assets)

Risks in which the manager wishes to trade:

☐ equity;

☑ interest rates;

☑ foreign exchange;

☑ credit;

☐ other risk (to be specified).

Nature of the operations, with all transactions being limited to achieving the investment objective. :

☑ hedging;

☑ exposure;

☑ arbitrage;

☐other type (to be specified).

Nature of instruments used: EMTN, callable/puttable bonds

Embedded derivatives are used as an alternative to direct intervention on pure derivatives.

Deposits

In accordance with the French Monetary and Financial Code, deposits contribute to achieving the sub-fund's management objective by allowing it to generate cash.

Deposits may represent up to 10% of the sub-fund's net assets.

Cash borrowings

Exceptionally, with the objective of investing in anticipation of an increase in the markets or more temporary in the context of large redemptions, the sub-fund may be temporarily in a debit position and in this case use cash borrowing up to a maximum of 10% of the assets.

Repos and reverse repos

The sub-fund may not engage in repos and reverse repos.

▶ Risk profile:

Your money will be invested mainly in financial instruments selected by the management company. These instruments will be subject to market trends and fluctuations.

Main risks:

- Discretionary management risk: the sub-fund's discretionary management style is based on the management company's anticipation of changes in the various markets and securities. There is a risk that the sub-fund may not be invested in the best-performing markets and securities at all times, leading to a weaker performance.

- Risk of capital loss: the sub-fund does not offer any guarantee or capital protection. Investors may therefore not recover all the capital they initially invested.

- Interest rate risk: the portion of the portfolio invested in fixed income instruments may be affected by upward or downward movements in interest rates. When long-term interest rates rise, bond prices fall. These movements may result in a decrease in the net asset value.

- Credit risk: credit risk is the risk that the issuer's financial situation deteriorates, with the extreme risk being the issuer's default. This deterioration may result in a decline in the value of the issuer’s securities and therefore a fall in the net asset value of the sub-fund. This is, for example, the risk of non-repayment of a bond in a timely manner. An issuer’s credit risk is reflected in the ratings attributed to it by official rating agencies such as Moody’s or Standard & Poor’s. Ratings increase with credit risk: issuers from the Investment Grade category to the “High Yield” category. The management company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of the assets and in the selection of securities to buy or sell.

- Equity risk: the sub-fund is exposed to equity risk through securities, units or shares of UCIs and/or financial instruments. Equity risk arises because the value of these securities is linked to market fluctuations. In the event that these equity markets decline, the net asset value of the portfolio may drop more significantly than these markets.
The sub-fund has the option of investing in small and mid-caps, which may cause the value of the sub-fund to fall more significantly and faster.

- Derivatives risk: the sub-fund may invest in financial futures and options up to the limit of its assets. This exposure to markets, assets, indices, etc. through forward and conditional financial instruments, including in the form of credit derivatives, may lead to more significant or rapid decreases in net asset value than the variation observed for the underlying assets of these instruments.

Ancillary risks:

- Currency risk: this is the risk of a decline in the investment currencies against the portfolio’s reference currency. Fluctuations in currencies relative to the reference currency may result in a decline in the value of these instruments and consequently a decrease in the sub-fund's net asset value.

- Counterparty risk: the sub-fund is exposed to counterparty risk resulting from the use of over-the-counter financial futures and temporary purchases and sales of securities. This is the risk that the counterparty with which a contract has been entered into will not meet its commitments (delivery, payment, repayment, etc.).
In this case, the counterparty's default could lead to a decrease in the sub-fund's net asset value. This risk is reduced by the establishment of financial guarantees between the sub-fund and the counterparty, such as the exchange of collateral.

- Risk related to the management of financial guarantees: investors may be exposed to legal risk (in connection with legal documentation, application of contracts and their limits), operational risk and risk associated with the reuse of cash received as collateral, the net asset value of the sub-fund may change depending on the fluctuation in the value of the securities acquired by investing the cash received as collateral. In the event of exceptional market circumstances, investors may also be exposed to liquidity risk resulting in, for example, trading difficulties in certain securities. Investors may be exposed to legal risk (in connection with legal documentation, application of contracts and their limits), operational risk and risk associated with the reuse of cash received as collateral, as the net asset value of the sub-fund may change depending on the fluctuation in the value of securities acquired by investing the cash received as collateral. In the event of exceptional market circumstances, investors may also be exposed to liquidity risk resulting in, for example, trading difficulties in certain securities.

- Securitisation risk: for these instruments, credit risk is mainly based on the quality of the underlying assets, which may be of various types (bank receivables, debt securities, etc.). These instruments are the result of complex arrangements that may involve legal risks and specific risks relating to the characteristics of the underlying assets. The occurrence of these risks may lead to a decrease in the sub-fund's net asset value.

- Liquidity risk: the markets on which the sub-fund invests may occasionally and temporarily be affected by a lack of liquidity in certain market circumstances or configurations. These market disruptions may affect the price conditions under which the sub-fund may be required to liquidate, initiate or modify positions and therefore lead to a decrease in the sub-fund’s net asset value.

The risk factors set out above are not exhaustive. It is the responsibility of each investor to analyse the risk inherent in such an investment and to forge their own opinion independently of the HSBC

Group by relying, if necessary, on the advice of all specialist advice on such matters in order to ensure, in particular, that this investment is appropriate to their financial situation.

Integration of sustainability risks in investment decisions and likely impact of sustainability risks on performance

1. As a financial market participant, the management company is subject to Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (or "SFDR regulation").

As such, it has put in place a policy for integrating sustainability risks in its investment decision-making processes.

Sustainability risk is 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.

The sustainability risk policy is centred on the ten principles of the United Nations Global Compact ("UNGC"), which defines the key areas of financial and non-financial risk: human rights, labour, environment and anti-corruption. The management company relies on service providers to identify companies that perform poorly in these areas and, if potential sustainability risks are identified, it then conducts its own checks. The management company's strategy involves monitoring sustainability risks on an ongoing basis.

The management company acts in the best interest of investors. Over time, sustainability risks can influence the performance of UCIs through their investment with regard to emissions by companies, sectors, regions and asset classes. Although the UCIs have their own management strategy, the management company's objective is to generate competitive returns for investors while taking their risk profile into account. To do so, it conducts an in-depth financial analysis and a comprehensive sustainability risk assessment as part of its broader risk assessment for each UCI.

The sustainability risk policy can be found on the management company's website: www.assetmanagement.hsbc.fr.

2. Companies that properly manage sustainability risks are better positioned to anticipate future sustainability risks and opportunities. This makes them strategically more resilient and thus able to anticipate and adapt to long-term risks and opportunities. Likewise, when they are not properly managed, sustainability risks can have negative impacts on the value of the underlying company or the competitiveness of a country that issues sovereign bonds. Sustainability risks can take different forms for the companies or governments in which the UCIs invest, such as: (i) a decline in turnover due to changing consumer preferences, negative impacts on the workforce, social unrest and a decline in production capacity; (ii) higher capital/operating costs; (iii) the depreciation and anticipated retirement of existing assets; (iv) reputational damage due to fines and court orders and the loss of the right to engage in its activity; and (v) sovereign bond market and credit risk. All these risks could potentially affect the UCIs' performance.

The potential impacts of sustainability risks on the UCIs' performance will also depend on the investments made by these UCIs and the materiality of the sustainability risks. The likelihood that sustainability risks will occur should be mitigated by their integration in the investment decision-making procedure. The potential impacts of sustainability risks on the performance of UCIs that use ESG criteria are further mitigated. However, there is no guarantee that these measures will completely mitigate or prevent the occurrence of sustainability risks for these UCIs. As a result, the likely impact on UCIs' performance of an actual or potential material decline in the value of an investment due to a sustainability risk will vary and depend on several factors.

3. The sub-fund takes sustainability risks into consideration in the investment decision-making process. The management company integrates sustainability risks by identifying the ESG factors likely to have a material financial impact on an investment's performance. Exposure to a sustainability risk does not necessarily mean that the management company will refrain from taking

or maintaining a position. Rather, it means that the management company will take into consideration sustainability risk assessments as well as other material factors in the context of the company in which it is investing or the issuer, the investment objective and the investment strategy of the sub-fund.

4. The sub-fund may invest in derivatives. In that case, it is more difficult to take sustainability risks into account as the sub-fund does not invest directly in the underlying asset. As of the date of the prospectus, no ESG integration methodology can be applied to derivatives.

5. A detailed description of the sub-fund's consideration of principal adverse impacts on sustainability factors is provided in the SFDR appendix to the prospectus.

The provisions of the SFDR are supplemented by those of Regulation (EU) 2020/852 of 18 June 2020, known as the Taxonomy Regulation. It establishes an EU-wide classification system intended to provide businesses and investors with a common language to identify to what degree economic activities can be considered environmentally sustainable.
To be sustainable, an economic activity must meet the sustainability criteria of the Taxonomy Regulation, including doing no significant harm to any of the environmental objectives set out in this Regulation.

The principle of "do no significant harm" applies only to the investments that take into account the European Union's criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the sub-fund do not take into account the EU criteria for environmentally sustainable economic activities.

The sub-fund does not commit to making investments that contribute to the following environmental objectives:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control; and
- the protection and restoration of biodiversity and ecosystems.

▶ **Guarantee or protection:**

None

▶ **Relevant subscribers and typical investor profile:**

AC shares: all subscribers

IC shares: all subscribers but more specifically intended for institutional clients.

This product is intended in particular for subscribers seeking a diversification instrument combining equities and bonds that meet high standards in the field of Sustainable Development while maintaining a performance objective over the long term.

The recommended investment period is more than five years.

Shareholders are therefore invited to contact their relationship manager or usual advisor if they wish to conduct an analysis of their personal situation. This analysis may, depending on the case, be invoiced to them by their advisor and cannot under any circumstances be borne by the sub-fund or the management company.

Provisional measures prohibiting subscriptions to the sub-fund from 12 April 2022:

From 12 April 2022, pursuant to EU regulation no. 833/2014 as amended and EU regulation no. 765/2006 as amended, the subscription of shares in this sub-fund is prohibited to any Russian or

Belarusian national, to any natural person residing in Russia or Belarus or to any legal person, entity or organisation established in Russia or Belarus except for nationals of a Member State of the European Union (EU) and natural persons holding a temporary or permanent residence permit in a Member State of the European Union (EU).

In all cases, it is strongly recommended that investments be sufficiently diversified so that they are not exposed solely to the risks of this sub-fund.

▶ **Methods for determining and allocating distributable amounts:**

In accordance with regulatory provisions, net income for the fiscal year is equal to the amount of interest, arrears, dividends, premiums and bonuses, directors' fees, and any other income related to the securities comprising the sub-fund's portfolio, plus the income from any amounts temporarily available, less management fees and borrowing costs.

The amounts distributable by an undertaking for collective investment in transferable securities consist of:

1. Retained earnings added to net income, and the balance of accrued income added or subtracted as appropriate;

2. Capital gains realised, net of costs, minus realised losses, net of costs, recognised during the fiscal year, plus net gains of the same type recognised in previous fiscal years that were not distributed or accumulated, plus or minus the balance of accrued gains.

The amounts mentioned in no. 1 and 2 may be distributed, in whole or in part, independently of each other.

Distributable amounts	Equities
Net income (1)	Accumulation
Net realised capital gains (2)	Accumulation

Share characteristics:

The shares are denominated in euros.

Subscriptions and redemptions may be made in thousandths of shares for AC and IC shares.

Initial net asset value:

AC shares: €100

IC shares: €10,000

Minimum initial subscription amount:

AC shares: 1 thousandth of a share.

IC shares: €100,000.

The switch from one share class to another or from one sub-fund to another is considered a disposal and is therefore liable to be subject to tax.

Subscription and redemption procedures:

Orders are executed in accordance with the table below:

Trading day (D)	Trading day (D)	D: NAV calculation date	D+1 trading day	D+1 trading day	D+1 trading day
Centralisation before 12 noon of subscription orders*	Centralisation before 12 noon of redemption orders*	Order execution no later than D	Publication of the net asset value	Settlement of subscriptions	Settlement of redemptions

*Except for any specific period agreed with your financial institution

Subscription and redemption requests are centralised every day at 12 noon, Paris time. They are executed on the basis of the net asset value calculated at the day's closing prices.

Subscription and redemption requests received after 12 noon will be executed on the basis of the net asset value calculated on the closing prices of the next trading day. Subscription and redemption requests received on a non-trading day are executed on the basis of the net asset value calculated on the closing prices of the next trading day.

Subscribers are invited to send their instructions to their financial intermediary sufficiently in advance to allow them to be transmitted before the deadline at 12 noon.

Existence of a gate (redemption cap mechanism)

The subfund has a gate mechanism. At the time of centralisation, if redemption requests (net of subscriptions) received simultaneously from one or more unitholders represent more than 5% of net assets, the management company may decide to stagger the redemption movements (gate) after assessing the relevance, in particular in view of the impact on liquidity management, in order to guarantee balanced management of the fund and therefore equal treatment of unitholders.

If the management company triggers the gate, redemption requests, for all unit classes combined, not fully honoured by the net asset value calculation date will be automatically deferred to the next net asset value for those exceeding the gate trigger threshold and processed in the same proportion for each order without any order of priority.

The subfund has multiple unit classes, and the trigger threshold will be the same for each unit class.

On each net asset value calculation date, if the amount of redemptions minus the amount of subscription orders on the same net asset value is 5% or more of the subfund's net assets, the management company may reduce each redemption order within the subfund's maximum redemption limit. The management company will then proportionally reduce all redemption orders to the maximum redemption limit. Redemption requests will thus be reduced proportionally and expressed as a whole number of units (rounded up).

The subfund's maximum redemption limit on each net asset value calculation date is defined as 5% of the subfund's net assets or a greater amount at the discretion of the management company if market liquidity allows it.

The remaining portion of redemptions exceeding the maximum redemption limit cannot be cancelled. They will be automatically deferred to the next net asset value and processed in the same way as redemption orders placed on the next net asset value. Such deferred orders cannot be cancelled and will not have priority over subsequent redemption requests.

Under these circumstances, unitholders affected by the reduction of orders are informed individually of the amount of their deferred order as soon as possible by the Centralising Entity on the management company's instruction.

The triggering of the gate is communicated in the subfund's section of the management company's website.

Trigger exemption cases:

Redemptions followed by a subscription executed on the same day for the same net asset value and the same number of securities by the same unitholder will not be deferred, provided that the centralising entity has been expressly informed.

Example illustrating a gate

On the centralisation date, if redemption orders (net of subscriptions) represent 10% of the subfund's net assets and the management company decides to trigger the gate at 5% of the Fund's net assets:

- two days after the net asset value date, each investor who has submitted a redemption order will receive a settlement equal to 50% (5% divided by 10%) of the amount of the requested redemption;
- the remaining 50% will be deferred to the next net asset value date.

At the next centralisation, if the redemption orders net of subscriptions (new orders + balance of deferred orders) represent 50% of the subfund's net assets, and the management company decides to cap redemptions at 40%, all orders, including the balance of orders previously deferred, will be 80% honoured (40% divided by 50%).

Institutions designated to receive subscriptions and redemptions and responsible for ensuring compliance with the centralisation cut-off time indicated in the above paragraph:

CACEIS Bank and HSBC Continental Europe for clients for which it ensures custody account-keeping.

Shareholders' attention is drawn to the fact that orders transmitted to distributors other than the institutions mentioned above must take into account the fact that the cut-off time for centralising orders applies to said distributors vis-à-vis CACEIS Bank. Accordingly, its promoters may apply their own cut-off time, prior to the time mentioned above, in order to take into account their deadline for transmitting orders to CACEIS Bank.

Date and frequency of calculation of the net asset value:

The net asset value is calculated daily with the exception of Saturdays, Sundays, statutory holidays in France and days on which the French market is closed. Where applicable, the net asset value will be calculated on the basis of the prices on the previous day if it is a trading day. The net asset value can be obtained from the management company.

Net asset values may be obtained from the management company at the following address:

HSBC Global Asset Management (France)

Cœur Défense – 110 esplanade du Général de Gaulle – La Défense 4 – 92800 Courbevoie

▶ **Fees and commissions:**

Subscription and redemption fees:

Subscription and redemption fees increase the subscription price paid by the investor or reduce the redemption price. The fees paid to the sub-fund are used to offset the costs incurred by the sub-

fund in investing or divesting the assets entrusted. Fees not paid are paid to the management company, the distributor, etc.

Charges billed to the investor, deducted at the time of subscriptions and redemptions	Base	Scale rate
		AC, IC shares:
Subscription fee not paid into the sub-fund	net asset value × number of shares	2% maximum
Subscription fee paid into the sub-fund	net asset value × number of shares	None
Redemption fee not paid into the sub-fund	net asset value × number of shares	None
Redemption fee paid into the sub-fund	net asset value × number of shares	None

UCIs and mandates managed by an HSBC Group entity are exempted from subscription fees.

Exemption: Simultaneous redemption/subscription transactions based on the net asset value of subscription for a zero-balance transaction volume on the same sub-fund are carried out free of charge.

Charges:

Financial management fees and administrative fees external to the management company cover all fees charged directly to the sub-fund, with the exception of transaction fees. Transaction fees include intermediation fees (brokerage, stock exchange taxes, etc.) and transaction fees, where applicable, which may be collected in particular by the custodian and the management company.

In addition to the financial management fees and administrative fees external to the management company:

- *performance fees. These fees are paid to the management company when the sub-fund exceeds its objectives. They are therefore invoiced to the sub-fund;*
- *transaction fees charged to the sub-fund;*
- *a share of the income from temporary purchases and sales of securities.*

In the event of an increase in administrative fees external to the management company equal to or less than 0.10% including tax per year, the sub-fund's shareholders may be informed by any means.

In this case, the management company shall not be required to provide information to shareholders in a particular manner, nor to offer the possibility of redeeming their shares free of charge.

	Charges to the sub-fund	Base	AC shares	IC shares:
1	Financial management fees(*)	Daily net assets	Maximum 1.35% incl. taxes	Maximum 0.70% incl. taxes
2	Operating and other service costs(**)	Daily net assets	Maximum 0.20% incl. taxes	
3	Maximum indirect charges (commissions and management fees)	Daily net assets	Maximum 0.30% incl. taxes	

4	Transaction fees	Deducted from each transaction	None
5	Outperformance commission	Daily net assets	None

** A percentage of the management fees may be retroceded to third-party distributors in return for marketing the sub-fund*

*** Operating and other service costs include:*

I. Fund registration and listing fees:

- costs relating to registration of the sub-fund in other Member States (including costs invoiced by advisors (lawyers, consultants, etc.) for carrying out the marketing formalities in respect of the local regulator on behalf of the SGP);
- listing fees for the sub-fund and publication of net asset values for investors' information;
- distribution platform costs (excluding retrocessions); agents in foreign countries who interface with distribution

II. Client and distributor information costs

- the costs of compiling and distributing DICs/prospectuses and regulatory reports;
- costs relating to the communication of regulatory information to distributors;
- costs of providing information to unitholders by any means;
- information specific to direct and indirect unitholders; Letters to unitholders, etc.;
- website administration costs;
- translation costs specific to the sub-fund.

III. Data costs

- costs of data used for redistribution to third parties;
-- audit and label promotion costs (e.g. SRI label, Greenfin label)

IV. Custodian, legal, audit, tax and other fees.

- statutory audit fees;
- fees related to the custodian;
- fees for delegation of administrative and accounting management;
- tax costs including lawyer and external expert (recovery of withholding taxes on behalf of the fund, local tax agent, etc.);
- legal fees specific to the sub-fund;
-- Costs of creating a new sub-fund depreciable over five years.

V. Fees relating to compliance with regulatory obligations and regulatory reporting
- fees for submitting regulatory reports to the regulator specific to the sub-fund;
- fees for compulsory professional associations
- operating costs for deployment of voting policies at General Meetings

The following costs may be added to the above-listed fees charged to the sub-fund:

- contributions due for the management of the sub-fund pursuant to paragraph 4 of section II of Article L. 621-5-3 of the French Monetary and Financial Code;
- exceptional and non-recurring taxes, levies and government duties (in relation to the sub-fund);
- exceptional and non-recurring costs for the recovery of receivables (e.g. Lehman) or proceedings to assert a right (e.g. class action).

<u>Brief description of the intermediary selection procedure</u>

The management company selects brokers or counterparties according to a procedure in accordance with applicable regulations. As part of this selection, the management company fulfils its best execution obligation at all times.

The objective selection criteria used by the management company specifically include the quality of order executions, the rates applied, and the financial soundness of each broker or counterparty.

The counterparties, investment companies, and service providers of HSBC Global Asset Management (France) are selected according to a specific evaluation process intended to ensure that quality service is provided to the company. This is a key element in the general decision-making process that incorporates the impact of the service quality of the broker across all our departments: Management, Financial and Credit Analysis, Trading and Middle Office.

Counterparty selection can involve an entity linked to the HSBC Group or the UCITS's depositary.

The "Policy of best execution and selection of intermediaries" is detailed on the management company's website.

4. Commercial information of the SICAV

All information concerning the SICAV may be obtained by contacting the promoter directly.

Information on environmental, social and quality of governance (ESG) criteria:

Pursuant to Article L.533-22-1 of the French Monetary and Financial Code, the policy on taking into account environmental, social and governance quality (ESG) criteria in the investment strategy is available on the management company's website www.assetmanagement.hsbc.fr.

5. Investment rules of the SICAV

The legal investment rules applicable to this SICAV are those governing UCITS governed by Directive 2009/65/EC, as well as those that apply to its AMF classification.

6. Overall risk of the SICAV

The commitment method is used to calculate the overall risk on financial futures.

7. Valuation and accounting rules for the SICAV's assets

The asset valuation rules applied by the accounting manager are as follows, depending on the instruments held by the sub-fund:

The sub-fund adopted the euro as the reference currency.

The prices used for the valuation of securities traded on the stock exchange are the closing prices.

The prices used to assess bonds are an average of contributors.

UCIs are valued at the last known price.

Negotiable debt instruments with a residual life of more than three months are valued, in the absence of a contribution, at the market rate, with the exception of floating-rate or adjustable-rate negotiable debt instruments not presenting any particular market sensitivity.

A simplified method called "linearisation" is applied for negotiable debt instruments whose residual lifespan is less than three months with no particular sensitivity to the market on the basis of the crystallised three-month rate.

Repurchase agreements are valued during the contract.

Forward transactions, firm or conditional or swap transactions entered into on over-the-counter markets, authorised by the regulations applicable to UCIs, are valued at their market value or at a value estimated according to the procedures decided by the management company. Interest rate and/or currency swaps are valued at their market value, based on the price calculated by discounting future cash flows (principal and interest) at the market interest and/or exchange rates.

The prices of European and foreign futures markets are the clearing prices.

Interest rate or currency swaps are valued under market conditions.

Interest rate swaps against share performance are valued:

- market conditions for the fixed income division

- depending on the price of the underlying security for the equity branch.

The valuation of Credit Default Swaps (CDS) comes from a model fed by market spreads.

Commitments on the off-balance sheet table on European and foreign futures markets are calculated

- FIRM FORWARD TRANSACTIONS

(Qty x Nominal x Current Price x Contract Currency)

- CONDITIONAL FORWARD TRANSACTION

(Qty x delta) x (Name of underlying x Prices on the day of the underlying x Contract currency).

For swaps, the off-balance sheet commitment corresponds to the nominal value of the contract plus or minus the interest differential, as well as the unrealised capital gain or loss recorded at the reporting date.

Interest is recognised:

- using the coupon received method for the following sub-funds:
  - HSBC RESPONSIBLE INVESTMENT FUNDS - EUROPE EQUITY GREEN TRANSITION
  - HSBC RESPONSIBLE INVESTMENT FUNDS - SRI MODERATE
  - HSBC RESPONSIBLE INVESTMENT FUNDS - SRI BALANCED
  - HSBC RESPONSIBLE INVESTMENT FUNDS - SRI DYNAMIC

- according to the accrued interest method for the following sub-funds:
  - HSBC RESPONSIBLE INVESTMENT FUNDS - SRI GLOBAL EQUITY
  - HSBC RESPONSIBLE INVESTMENT FUNDS - SRI EUROLAND EQUITY
  - HSBC RESPONSIBLE INVESTMENT FUNDS - SRI EURO BOND

Additions to the portfolio are recorded at their acquisition price, excluding fees.

Transaction fees are recognised in specific accounts of each sub-fund and are not added to the price.

Financial instruments whose price has not been recorded on the valuation date or whose price has been corrected are valued at their probable trading value under the supervision of the management company. These valuations and their justification are communicated to the statutory auditor during his or her audits.

Valuation of financial guarantees

Guarantees are valued daily at market price (mark to market).

Discounts may be applied to collateral received in the form of securities according to the level of risk.

Margin calls are daily unless otherwise stipulated in the framework agreement governing these transactions or in the event of an agreement between the management company and the counterparty on the application of a trigger threshold.

Accounting method

Income from financial instruments is recognised using:

- the coupon received method for the following sub-funds:
  - HSBC RESPONSIBLE INVESTMENT FUNDS - EUROPE EQUITY GREEN TRANSITION
  - HSBC RESPONSIBLE INVESTMENT FUNDS - SRI MODERATE
  - HSBC RESPONSIBLE INVESTMENT FUNDS - SRI BALANCED
  - HSBC RESPONSIBLE INVESTMENT FUNDS - SRI DYNAMIC
- according to the accrued interest method for the following sub-funds:
  - HSBC RESPONSIBLE INVESTMENT FUNDS - SRI GLOBAL EQUITY
  - HSBC RESPONSIBLE INVESTMENT FUNDS - SRI EUROLAND EQUITY

- HSBC RESPONSIBLE INVESTMENT FUNDS - SRI EURO BOND.

Transaction costs are recognised in specific sub-fund accounts and are not added to the price.

Securities bought and sold are recognised excluding costs.

Swing pricing mechanism

The management company has implemented a swing pricing mechanism to adjust the net asset value of each of the sub-funds once a trigger point is reached in order to protect the interests of the unitholders present in each of the sub-funds.

Under this mechanism, investors bear the portfolio adjustment costs – including transaction fees, bid/offer spreads and taxes or fees applicable to the UCI – related to investments or disinvestments when there are significant numbers of subscriptions and redemptions.

When the net balance of investor subscription and redemption orders exceeds a predefined threshold, called the “trigger point”, the NAV is adjusted.

The NAV is adjusted up or down if the balance of subscriptions/redemptions is respectively positive or negative, so as to take into account the readjustment costs attributable to the net subscription and/or redemption orders.

The trigger point is expressed as a percentage of the sub-fund’s net assets.

The parameters for the trigger point and the NAV adjustment factor are determined by the management company and periodically reviewed.

The adjusted (“swung”) NAV is the only NAV of the sub-fund concerned and is therefore the only NAV published and communicated to unitholders.

By applying swing pricing with a trigger point, it is possible that the UCI’s volatility will not come from only the volatility of the financial instruments in the portfolio.

In accordance with the regulatory provisions, the management company does not communicate the trigger thresholds and ensures that internal communication channels are restricted so as to safeguard the confidential nature of the information.

Alternative practical procedures in the event of exceptional circumstances:

Since the calculation of the net asset value is delegated by a service provider independent of the management company, any failure in the information systems used by the management company shall have no impact on the sub-fund’s ability to see its net asset value calculated and published.

In the event of a failure of the service provider’s systems, the service provider’s contingency plan shall be implemented in order to ensure continuity in the calculation of the net asset value. As a last resort, the management company has the resources and systems necessary to temporarily compensate for the failure of the service provider and to calculate the net asset value of the sub-fund under its supervision.

However, the redemption by the sub-fund of its shares and the issue of new shares may be temporarily suspended by the management company, within the framework of Article L.214-8-7 of the French Monetary and Financial Code when required by exceptional circumstances and in the interest of shareholders.

Exceptional circumstances are defined in particular as any period during which:

a) Trading on one of the markets on which a portion of the sub-fund’s investments is generally traded is suspended, or one of the means usually used by the management company or its agents to value the investments or determine the net asset value of the sub-fund is temporarily out of service, or

b) For another reason, the valuation of the financial instruments held by the sub-fund cannot, in the management company’s opinion, be reasonably, quickly and fairly calculated, or

c) Exceptional circumstances mean that, according to the management company, it is not reasonably possible to realise all or part of the sub-fund’s assets - or to intervene on the sub-fund’s investment markets, or if it is not possible to do so without seriously harming the interests of shareholders of the sub-fund, in particular in the event of force majeure temporarily depriving the management company of its management systems, or

d) The fund transfer transactions made necessary for the realisation or payment of sub-fund assets or for the execution of subscriptions or redemptions of shares in the sub-fund are deferred or cannot, according to the management company, be carried out promptly at normal exchange rates.

In all cases of suspension, except in cases of ad hoc market communication, shareholders will be notified by press notice as soon as possible. The information will be communicated in advance to the French Financial Markets Authority.

VIII. Remuneration:

The management company HSBC Global Asset Management (France) has implemented a remuneration policy adapted to its organisation and activities.

The purpose of this policy is to govern practices concerning the various remuneration of employees with decision-making, control or risk-taking powers within the Group.

This remuneration policy has been defined with regard to the economic strategy, objectives, values and interests of the management company belonging to the HSBC Group, the managed UCIs and their shareholders.

The objective of this policy is not to encourage excessive risk-taking, particularly against the risk profile of the managed UCIs.

The management company has put in place appropriate measures to prevent conflicts of interest.

The remuneration policy is adapted and supervised by the Remuneration Committee and the Board of Directors of HSBC Global Asset Management (France)

The remuneration policy is available on the website at the following address: www.assetmanagement.hsbc.fr or free of charge upon written request to the management company.

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