UCITS governed by European Directive 2009/65/EC

PROSPECTUS

I General characteristics

Form of the UCITS

▶ **Name:**

HSBC Monétaire Etat

▶ **Legal form and member state in which the retail investment fund was established:**

Mutual fund (FCP) governed by French law

▶ **Date of inception and expected life span:**

Established on 23 October 1997 for a duration of ninety-nine (99) years.

▶ **Summary of the offer:**

Unit categories	ISIN code	Subscribers concerned	Initial NAV	Maximum subscription fee	Minimum initial subscription amount	Appropriation of distributable amounts	Currency	Minimum amount of subsequent subscriptions
Unit I	FR0010288423	Reserved for institutional investors	€1,524.49	0.50% maximum	€1 million*	Allocation of net earnings and net capital gains: Capitalisation	Euro	1 thousandth of a unit
Unit A	FR0010737528	All subscribers	€17,710.55	0.50% maximum	One unit	Allocation of net earnings and net capital gains: Capitalisation	Euro	1 thousandth of a unit
Unit Z	FR0013217973	Reserved for investment funds and mandates of HSBC Global Asset Management (France)	€1,000	6% maximum	1 thousandth of a unit	Allocation of net earnings and net capital gains: Capitalisation	Euro	1 thousandth of a unit
Unit B	FR0013287141	Subscriptions to this unit are governed by a specific payment agreement between the subscriber and the marketer or portfolio manager	€ 1,000	0.50% maximum	1 thousandth of a unit	Allocation of net earnings and net capital gains: Capitalisation	Euro	1 thousandth of a unit

Investment funds and mandates managed by an HSBC Group entity are exempted from subscription fees
***With the exception of the management company whose minimum is one share*

▶ **Indication of where the most recent annual report and interim statement can be obtained as well as information that is made available on a weekly basis under the heading "Fund centre", and the subheading "Liquidity":**

https://www.assetmanagement.hsbc.fr/

The most recent annual reports and the asset inventory statement will be sent out within eight business days at the investor's written request sent to the management company

HSBC Global Asset Management (France)

75,419 Paris Cedex 08
mail : hsbc.client.services-am@hsbc.fr

II Parties involved

▶ **Management Company:** **HSBC Global Asset Management (France)**
Company address: Coeur Défense - 110 esplanade du Général de Gaulle - La Défense 4 - 92400 Courbevoie
Postal address: 75,419 Paris Cedex 08
Porfolio management company approved under no. GP99026 by the French Financial Markets Authority (AMF) on 31 July 1999.

▶ **Custodian and Depository:**

Caceis Bank
Limited liability company (*Société Anonyme*), credit establishment approved by the investment services bank CECEI
Company address: 1/3 place Valhubert 75013 Paris
Postal address: 75206 Paris Cedex 13

The Depositary functions include various missions, as defined by applicable regulations, including custody of assets, control of the compliance of the management company decisions with applicable laws and regulations and tracking UCITS cash flows.
The Depositary is independent from the management company.

Delegates

The description of delegated custody functions, the list of delegates and sub-delegates of CACEIS Bank and the information related to conflicts of interest which may arise out of these delegations are available on the CACEIS website: www.caceis.com.
Up to date information are available to investors upon request.

▶ **Financial institution in charge of transmitting the subscription and redemption orders:**
Caceis Bank
Limited liability company (*Société Anonyme*), credit establishment approved by the investment services bank CECEI
Company address: 1/3 place Valhubert 75013 Paris
Postal address: 75206 Paris Cedex 13

The Depositary is also in charge, by delegation of the management company, of the administration of unitholders register, which includes centralization of subscriptions and redemptions of units and units' issuance account of the Funds.

▶ **Statutory Auditor:**

KPMG Audit,
represented by Mr Nicolas Duval-Arnould
Tour EQHO- 2 Avenue Gambetta
CS 60055
92066 Paris La Défense Cedex France

▶ **Marketers:**

HSBC Global Asset Management (France)
Company address: Coeur Défense - 110 esplanade du Général de Gaulle - La Défense 4 - 92400 Courbevoie
Postal address: 75,419 Paris Cedex 08

▶ **Delegatees:**

Administrative and Accounting Manager

CACEIS Fund Administration

Company address: 13 place Valhubert – 75013 Paris.
Postal address: 75206 Paris Cedex 13

Caceis Fund Administration is a commercial company specialising in investment fund accounting and a subsidiary of the Caceis Group. CACEIS FUND ADMINISTRATION shall deal in particular with the valuation of the mutual fund and the production of interim documents..

III Operating and management methods

III-1 General characteristics:

▶ **Characteristics of the units or shares**:

Type of rights attached to the units: Each unitholder is entitled to joint ownership of the mutual fund's assets in proportion to the number of units held.

Liabilities are handled by CACEIS Bank.
The administration of units is dealt with in Euroclear France.

Voting rights: Since no voting rights are attached to the units of a mutual fund, decisions are made by the management company.

Form of units: Bearer. Subscriptions in registered form are only authorised on the prior decision of the management company.

Fractional units: Thousandths of units.

▶ **Closing date**:

The final valuation day in December. (Closing of the 1st financial year: last trading day of Paris in December 1998)

▶ **Details of the the tax system:**

The UCITS is not subject to corporation tax. According to the transparency principle, the tax administration considers that the holder directly possesses a fraction of the financial instruments and liquidities held in the UCITS.

The tax system applying to the amounts distributed by the UCITS or the unrealised or realised capital gains or losses of the UCITS depends on the tax provisions applying to the investor and/or the Fund jurisdiction. The investor is advised to contact a specialised advisor on this matter.

The change from one unit category to another is considered a redemption followed by a subscription is consequently taxable.

III-2 Special provisions

▶ **ISIN codes:**

Unit classes	**ISIN codes**
Unit I:	FR0010288423
Unit A	FR0010737528
Unit Z	FR0013217973
Unit B	FR0013287141

▶ **Classification:**

Short-term variable net asset value (VNAV) money market fund.

▶ Date of approval of the money market fund:

03 May 2019

▶ Management objective:

The objective of the HSBC Monétaire Etat money market fund is to offer low volatility of the NAV by investing in securities issued or guaranteed by France or certain other eurozone countries, once they are AAA rated. Given this investments and management fees, performance can be structurally less than the EONIA, a purely informative indicator.
In certain exceptional economic market circumstances, such as very low, or even negative, money market interest rates, the mutual fund's NAV is liable to fall temporarily or structurally where the portfolio's performance is negative or insufficient to cover the management fees.

These government securities moreover meet additional environmental, social and governance (ESG) financial criteria as defined in the section "Investment strategy."

▶ Benchmark:

HSBC Monétaire Etat does not have a benchmark.

However, the capitalised EONIA index may be used indicatively. EONIA (Euro Overnight Index Average) is an effective overnight reference rate for the euro.
The EONIA rate, which is administered by the EMMI (European Money Market Institute), is calculated from the €STR. The €STR (Euro Short Term Rate) is an interest rate calculated and administered by the European Central Bank. It represents the wholesale euro unsecured overnight borrowing cost of euro area banks.
Additional details are available for EONIA on the EMMI website (https://www.emmi-benchmarks.eu) and for €STR on the European Central Bank website (https://www.ecb.europa.eu). Capitalised EONIA integrates the impact of reinvested interest according to the OIS method.

▶ Investment strategy:

1 Strategies used:

The Fund invests directly or through temporary transactions which are exclusively repurchasing agreements in bond and debt securities, money market instruments issued in euros, all compliant with the following two financial criteria:

- All portfolio securities are valuated as high quality by the management company according to an independent internal rating procedure provided by external agencies. However in addition to this approach, the investment shall only be made among issuers with a minimum A-1 short-term rating according to Standard & Poor's, as well as an equivalent rating with other financial rating agencies. The downgrading of the external rating of an issuer is one of the elements triggering review of the internal evaluation.

- Beyond the positive valuation by the management company and the minimum external rating of securities, governments which issue or guarantee securities must be rated as long-term AAA by Standard & Poor's or an equivalent as deemed by the management company, with the exception of France which has no minimum long-term rating, resulting in selectively eligible issuers for the Fund.

In any event, the management company does not exclusively or automatically rely upon ratings provided by credit rating agencies and favours its own credit risk analysis to evaluate the credit quality of assets and in selecting securities.

Government securities in the portfolio also comply with additional ESG financial criteria.

The ESG analysis enriches the financial analysis process of the performance of countries with ESG criteria. The objective is to favour countries which develop ESG best practices. Conversely, the objective is also to avoid investing in countries which inadequately meet these challenges.

The analysis methodology is based upon the three ESG pillars of sustainable development. It also refers overall to the UN Global Compact principles as well as the Universal Declaration of Human Rights. It is concretely divided among the three ESG pillars of socially responsible investing.

The weight of the three ESG pillars in the analysis depend on the type of investor (country, local authority, supranational, company).

Beyond internal research, the manager relies on various and complementary external research which it provides to all its managers and analysts. The objective is to hedge all securities that we manage through an ESG analysis.

The results of the research enable definition of a security universe responding to the financial and extra-financial criteria defined by the Fund. All euro issuer countries whose minimum ESG rating is B- according to the ISS Oekom scale which ranges from A+ to D-, hence an HSBC ESG minimum rating of 5 on a scale of 1-10, are eligible.

The HSBC Monétaire Etat mutual fund is compliant with Basel III regulatory conditions and the associated European directive (CRD IV) and regulation (CRR) for the calculation of the short-term LCR.

The Fund’s performance is principally obtained through an active selection of securities. For each security, the management team focuses on the following components:

- Quality of securities: The portfolio is invested in the highest possible quality securities according to an internal high quality valuation process in the context of which the management company must notably consider the credit quality and type of asset class of the instrument for structured products, transactional and counterparty risks, and the liquidity risk profile. In any event, the management company does not exclusively or automatically rely upon ratings provided by credit rating agencies and favours its own credit risk analysis to evaluate the credit quality of assets and in selecting securities. The portfolio hence minimizes its exposure to credit risk.

- Yield and liquidity of securities: The daily liquidity of the portfolio is assumed in two ways:

    - The Fund invests in securities offering high liquidity which are directly issued or guaranteed by France or other eurozone countries.

- The weighted average maturity until the maturity date is less than or equal to 60 days.
- The weighted average life until the termination date of the financial instruments is less than or equal to 120 days.
- The residual maturity until the maturity date of the securities in the portfolio is less than or equal to 397 days.

2 Assets (excluding embedded derivatives):

1 Debt securities and money market instruments

Bonds and debt securities, money market instruments including EMTNs, denominated in euros and issued and guaranteed by France and eurozone countries.

The main characteristics of the planned investments are, in particular:

Distribution of private/public debt: 100% of public debt or attached to a warrant from France or another eurozone country.

Exceptionally, the Fund may invest between 5-100% of its assets in different money market instruments issued or guaranteed individually or jointly by the European Union, national, regional, or local authorities in member States (CBC, ACOSS, UNEDIC, APHP, BPI or their equivalents principally in the developed countries of the EU), the European Central Bank, the European Investment Bank, the European Investment Fund, the European Stability Mechanism, the European Financial Stability Facility, the central bank or the central authority of a principally developed member country of the OECD (United Kingdom, United States, Canada, Australia, Switzerland, etc.), the International Monetary Fund, the International Bank for Reconstruction and Development, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the Bank for International Settlements, and any other pertinent international financial organization or institution which is part of one or numerous member countries (IBRD-World Bank, IMF, AfDB, ADB).

Level of credit risk envisaged:

- Ratings of securities: High quality credit with a minimum Standard & Poor's or equivalent short-term A-1 rating.
- Country ratings: Standard & Poor's or equivalent AAA long-term for eurozone countries with the exception of France (no long-term minimum rating)
- Countries must be minimally rated B- by the ISS Oekom non-financial agency or the equivalent.

  The manager ensures that the instruments that make up the Fund's portfolio are of high credit quality. In order to determine the credit quality of the instrument, the management company has its own internal evaluation procedure on credit quality. This procedure ensures the monitoring of credit quality of the instruments on a continuous basis and review of the selection of securities at least once annually. The investment may only be carried out with issuers/instruments having received a positive evaluation (internal rating).

Short-term rating: The internal valuation procedure of credit quality is independent of ratings provided by external agencies. However in addition to this approach, the investment shall only be carried out with issuers having an external minimum rating of Standard & Poor's A-1 or the equivalent by a rating agency registered with ESMA.
The downgrading of the external rating of an issuer is one of the elements triggering review of the internal evaluation.

In any event, the management company does not exclusively or automatically rely upon ratings provided by credit rating agencies and favours its own credit risk analysis to evaluate the credit quality of assets and in selecting securities.

2 Holding shares or units of other investment funds (up to 10 % of net assets):

☑ French or foreign UCITS within the short-term VNAV classification, low volatility NAV funds, public debt constant NAV funds;
☐ in French hedge funds,
☐ in alternative management investment funds, specifying whether they are listed or not;
☐ in other investment funds;

The manager may invest in investment funds managed by an entity of the HSBC Group.

3 On derivative instruments:

Type of investment markets:
☑ regulated;
☑ organised;
☑ over-the-counter.

Risks in which the manager may invest:
☐ equity;
☑ interest rate;
☐ exchange rates;
☐ credit;
☐ other (to be stipulated).

The types of investments and all transactions must be limited to achieving the management objective:
☑ hedge;
☐ exposure;
☐ arbitrage;
☐ other (to be stipulated).

Type of instruments used:
☑ futures: on European government bonds, and on EURIBOR contracts for hedging purposes
☑ options: on European government bonds, and on EURIBOR contracts for hedging purposes
☑ interest rate swaps: for the purpose of hedging
☐ currency futures for hedging purposes;
☑ caps and floors (over-the-counter instruments) for hedging purposes;
☐ credit derivatives;
☐ other (to be stipulated).
The Fund shall not use any total return swaps.

The strategy for using derivatives in order to fulfil the management objective:

☑ general hedging of the portfolio, certain risks, securities, etc.;
☐ reconstitution of a synthetic exposure to assets and risk;
☐ increase in market exposure and specification of the maximum leverage authorised and sought (up to 2);
☐ other strategy (to be stipulated).

Financial collateral contracts:

Counterparties eligible for transactions on OTC financial futures are selected according to the procedure described in the section "Brief description of the intermediary selection procedure."

Financial collateral used for OTC financial futures is the subject of a financial collateral policy available on the management company's website.

These transactions may be completed with counterparties selected by the management company among the financial establishments whose registered offices are located in an OECD member country. These counterparties may be companies affiliated with HSBC Group.

These counterparties must have trustworthy credit, and regardless, the minimum Standard & Poors rating of BBB-, the equivalent, or a rating deemed equivalent by the management company.

This financial collateral policy specifies:

- The haircut applicable to financial collateral. It relies on the volatility of the security, which is characterised by the type of assets received, the rating, the maturity of the security, etc. This haircut has the effect of requiring financial collateral greater than the market value of the financial instrument.

- The assets accepted as collateral, which can be composed of cash, government securities, short-term and marketable securities and debt securities/bonds issued by private issuers.

Securities received as financial collateral may not be sold, reinvested, or pledged. Bonds must have a maximum maturity of 50 years. 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 of its group. Discounts may be applied to the collateral received; they shall take into account, in particular, the credit quality and the volatility of the prices of the securities.

Financial collateral made in cash is mandatory:

- deposited in credit establishments whose registered offices are in an OECD member nation or a third party country with equivalent reserve regulations,
- invested in high quality government bonds,
- invested in reverse repurchasing agreements whose counterpart is a credit establishment subject to reserve monitoring, and from which the UCITS may withdraw cash at any point, and
- invested in short-term money market funds.

Financial collateral discounts in the form of securities and/or cash are held in distinct accounts by the custodian.

4 For securities with embedded derivatives (warrants, credit link note, EMTNs, share warrants, etc.)

Risks in which the management may invest:
☐ equity;
☑ interest rate;
☑ exchange rates;
☑ credit;
☐ other (to be stipulated).

The types of investments and all transactions must be limited to achieving the management objective:
☑ hedge;
☑ exposure (only callables/puttables bonds);
☐ arbitrage;
☐ other (to be stipulated).

Type of instruments used: EMTN (rate and currency risk hedging), callables/puttables bonds.

5 For deposits:

Deposits contribute to carrying out the management objective of the mutual fund by allowing it to manage its cash.
Deposits made to credit establishments in which the Fund may invest must fulfil all of the following conditions: a) they are reimbursable upon request or may be withdrawn at any point; b) they mature within twelve (12) months maximum; C) the credit establishment has a home office in a member nation or, if its home office is in a third-party country, it is subject to prudential standards considered equivalent to rules enacted by the Union in accordance with the procedure covered in Article 107, section four, Regulation (EU) 575/2013.

6 For temporary purchases and sales of securities:

The Fund may temporarily purchase and sell up to 100% of its assets, including 10% maximum of repurchase agreements.

Reverse repurchase agreements of assets are governed by restrictions notably in terms of eligible assets and reuse in context of what is defined below:

o Types of transactions used:
☑ repurchase and reverse repurchase agreements according to the modalities of European Regulation, 2017/1131 of the European Parliament and Council of 14 June 2017 regarding money market funds

o Type of interventions:
Repurchase agreement transactions may only be used in context of the management of the liquidity of the Fund and cash received may only be invested as deposits or reinvested in a restrictive list of assets.

These transactions aim to:

- Repurchase agreements: managing the UCITS residual cash flow related to subscriptions/repurchases.
- Repurchase agreements: ensuring a pocket of highly short-term mobilisable liquidity in the Fund.

UCITS assets which may be subject to securities financing transactions are bonds and/or debt securities and/or money market instruments, to the exclusion of securitisation assets and ABCP.

For protection against default of a counterparty, temporary purchases and sales of securities may provide for financial collateral discounts in the form of securities and/or cash which are held in distinct accounts by the depository.

- These conditions are stipulated in the section "Derivatives."
- These transactions may be completed with counterparties selected by the management company among the financial establishments whose registered offices are located in an OECD member country. These counterparties may be companies affiliated with HSBC Group.
- These counterparties must have trustworthy credit, and regardless, the minimum Standard & Poors rating of BBB-, the equivalent, or a rating deemed equivalent by the management company.

Asset type	**Average intended holding range (for information purposes – non-contractual)**	**Maximum authorised level**
Bonds, debt securities and short/medium term negotiable securities	80-100%	100%
Derivatives (including hedging transactions)	80-100%	100%
Acquisitions – Temporary sales of securities	80-100%	100%
Deposits	0-10%	10%
Money market UCITS	0%- 5%	< 10%

▶ **Risk profile:**

"Your money shall be invested mainly in financial instruments selected by the management company. These instruments will be affected by developments and disturbances in the markets."

Main risks:

Risk of capital loss: The UCITS does not offer any guarantees or protection of capital. Investors may therefore not recover all the capital they initially invested.

Discretionary management risk: The discretionary management style of the UCITS relies upon anticipating developments in markets and securities. There is a risk that the UCITS 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 securities varies in inverse proportion to fluctuations in interest rates. Accordingly, when interest rates rise, the value of these bonds falls, which provokes a drop in the value of the portfolio. Moreover, the manager may execute interest rate arbitrage, i.e., if a deformation of the yield curb is anticipated. However, it may deform in an unanticipated direction which may cause a significant drop in the NAV.

Related risks:

Risk associated with investments in futures markets: The UCITS may invest up to 100% in financial futures of its assets. This exposure to markets, assets and indices through financial futures may lead to a significantly greater or more rapid drop in the NAV than is observed in fluctuations in underlying investments in these instruments.

Counterparty risk: The UCITS is exposed to the counterparty risk resulting from the use of OTC financial futures and temporary purchases and sales of securities. This is the risk that the counterparty with which a contract has been made will not meet its obligations, e.g., delivery, payment, repayment, etc.
In this case, the counterparty's breach may decrease the Fund NAV. This risk is reduced by the establishment of financial collateral between the mutual fund and the counterparty, as described in the Investment strategy.

Risk of potential conflicts of interest: The risk of conflicts of interest, in connection with transactions involving financial contracts and/or temporary purchases and sales of securities, can arise when the intermediary used to select a counterparty, or the counterparty itself, has a direct or indirect equity link with the management company (or the depositary). The management of this risk is described in the "Conflict of interest policy" established by the management company and available on its website.

Inflation risk: The UCITS has no systematic protection again inflation, i.e., the overall rise in prices over a given period. The performance of the UCITS measured in real terms shall hence be proportionally diminished by the rate of inflation observed over the reference period.

Credit risk: Credit risk is the risk that the financial situation of the issuer deteriorates, and, in the worst-case scenario, the issuer becomes insolvent. This deterioration could lead to a drop in the value of the issuer's securities and thus a reduction in the NAV of the mutual fund. This may, for example, involve the risk of non-redemption in case of default. *Credit risk principally concerns private issuers and in exceptional circumstances sovereign nations entering into the mutual fund perimeter.*

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.

Risk related to management of financial collateral: The unitholder may be exposed to legal risks (in line with legal documentation, execution of contracts and the limits within them), transactional risks, and risks related to the reuse of cash received as collateral. The mutual fund NAV may change due to fluctuations of the value of securities purchased for investment from cash received as collateral. In exceptional market circumstances, the holder can also be exposed to a liquidity risk, leading to difficulties to trade certain securities, for example.

▶ **Guarantee or protection:**

None

▶ **Subscribers concerned and standard investor profile:**

Unit I is reserved for institutional investors.

Unit A is open to all subscribers.

Unit Z is reserved for investment funds and mandates of HSBC Global Asset Management (France)

Unit B is subject to the existence of a specific remuneration agreement between the subscriber and the distributor or the portfolio manager

With regard to a money market fund presenting very good levels of credit quality and offering a very low exposure to interest rate risk, this mutual fund may represent the entire financial holdings of unitholders.

The minimum recommended investment period is 1 day.

The mutual fund's units may not be offered to or subscribed by **Non-Eligible Persons**, as defined below:

- **REGULATIONS RELATED TO THE AUTOMATIC EXCHANGE OF INFORMATION ON TAX MATTERS**

FATCA refers to Sections 1471 to 1474 of the US code, any current or future regulation or their official interpretations, any agreement concluded pursuant to Section 1471(b) of the Code, or any tax regulation, law, or practise adopted pursuant to any inter-governmental agreement concluded in relation to the implementation of these sections of the US Code. FACTA was implemented in France through the signing of the inter-governmental agreement concluded between France and the United States on 14 November 2013 for the application of the US regulation Foreign Account Tax Compliance Act (FATCA).

US Code refers to the United States Internal Revenue Code of 1986;

Common Reporting Standard (CRS) refers to Council Directive 2014/107/EU of 9 December 2014 (DAC 2 Directive) amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation as well as the conventions entered into by France enabling the automatic exchange of information in tax matters. This is based on the regulations on the automatic exchange of information in tax matters drafted by the OECD.

The FATCA and CRS regulations were transposed into French law by Article 1649 AC of the French General Tax Code. They formalise the collection by financial institutions of information related to the status of a US Person and to the tax residence of their clients, particularly upon the opening of a financial account.

These financial institutions must send to the French tax authorities, for transmission to the corresponding foreign tax authorities, certain information relating to the reportable financial accounts of the US Person clients and clients with tax residence outside of France in an EU Member State or in a state with which an agreement covering the automatic exchange of information is applicable.

The determination of the financial institution upon which these obligations are incumbent depends on the holding arrangement of the units.

- **RESTRICTIONS ON THE ISSUANCE AND REDEMPTION OF UNITS FOR US PERSONS**

The mutual fund's units may not be offered or sold to any US person. For the purposes of this restriction, the term "US person" ("USP") refers to:

1. A natural person who is deemed to be a resident of the United States under a law or regulation of the United States.

2 An entity:

i.that is a joint stock company, a private company, a limited liability company, or other commercial entity:

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

b. that, regardless of its place of inception or incorporation, was incorporated mainly for passive investments (such as a company or an investment fund or a similar entity, other than an employee savings scheme or an employee savings fund, managers or officers of a foreign entity whose principal place of business is located outside of the United States);

- and that is directly or indirectly owned by one or more USP, in respect of which these USPs (unless they are defined as Qualified Eligible Persons under Regulation 4.7(a) of the CFTC) hold in total, directly or indirectly, an equity interest of 10% or more; or
- if a USP is the general partner, managing partner, or managing director or has another function with the power to direct the activities of the entity; or
- was incorporated by or for a USP mainly in order to invest in securities that are not registered with the SEC; or
- more than 50% of whose equity securities with voting rights or equity securities without voting rights are held directly or indirectly by USPs; or

c. that 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. that is a trust created or formed under a federal law or a law of state of the United States regardless of its place of inception or formation;

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

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

c. whose creator, founder, trustee, or other person responsible for decisions regarding the trust is a USP; or

iii. that is an estate of a deceased person, irrespective of 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 a similar investment method other than an estate or trust) held by a foreign or US broker or other authorised representative to the benefit of or for the account of a USP (as defined above).

refers to the United States of America (including the States and the District of Columbia), its territories, possessions, and other areas subject to its jurisdiction.

If, as the result of an investment in the mutual fund, unitholders become a US Person, they shall be prohibited from (i) making additional investments in the mutual fund and (ii) their units shall be the subject of a forced redemption as soon as possible by the mutual fund (subject to the provisions of the applicable law).

From time to time, the mutual fund may amend the aforementioned restrictions or waive them.

- **RESTRICTIONS ON THE ISSUANCE AND REDEMPTION OF UNITS FOR CANADIAN RESIDENTS**

The units described in this prospectus may be distributed in Canada only through HSBC Global Asset Management (Canada) Limited; in addition, this prospectus may not be used for solicitation purposes or constitute a solicitation or an offer to purchase the units in Canada, unless HSBC Global Asset Management (Canada) Limited carries out the said solicitation. A distribution or solicitation shall be deemed to have taken place in Canada when it is made to a person (i.e., a natural person, a joint stock company, a trust, a private company or other entity, or other legal entity) residing or established in Canada at the time of the solicitation. For these purposes, the following persons are generally regarded as Canadian Residents:

1. A natural person, if

i. the primary residence of this 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 activity concerned.

2. A joint stock company, if

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

ii. the securities of the joint stock company entitling their holder to elect a majority of the directors are held by natural persons constituting Canadian Residents (according to the definition above) or by legal entities established or located in Canada; or

iii. the natural persons who make the investment decisions or give instructions in the name of the joint stock company are Canadian Residents (according to the definition above).

3. A trust, if

i. the principal place of business of the trust (where applicable) is located in Canada; or

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

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

4. A limited partnership, if

i. the registered office or principal place of business (where applicable) of the company is located in Canada; or

ii. the holders of a majority of the company's equity securities are Canadian Residents (as described above); or

iii. the general partner (if applicable) is a Canadian Resident (as described above); or

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

Bearers are reminded that the application of franchise fees may mechanically result in a loss in value in case of rapid redemption.

▶ Calculation and allocation methods of the distributable amounts:

In accordance with the regulatory provisions, the net income for the financial year is equal to the amount of interest, arrears, dividends, premiums, bonuses, and directors' fees, as well as all income relating to securities that constitute the Fund's portfolio, plus income from temporary cash holdings, minus management fees and borrowing costs.

The amounts distributable by a UCTIS consist of:

1. Net income plus retained earnings, plus or minus the balance of income accruals;

2. Capital gains realised, net of costs, minus capital losses realised, net of costs, recognised during the fiscal year, plus net capital gains of the same type recognised during earlier fiscal years that were not the subject to any distribution or accumulation, and minus or plus the balance of accrued capital gains.

The amounts indicated in points 1 and 2 above may be distributed independently of each other, in whole or in part.

Distributable amounts	Units A, I, Z and B
Net earnings (1)	Capitalisation
Net realised capital gains (2)	Capitalisation

▶ Distribution frequency:

None

▶ Characteristics of the units or shares:

Unit I
Currency: Euro.
The initial NAV is set at €1,524.49.
The minimum amount of the first subscription is set at €1 million.

Unit A
Currency: Euro.
The initial NAV is set at €17,710.55.
The minimum amount of the first subscription is set at one unit.

Unit Z
Currency: Euro
The initial NAV is set at €1,000.
The minimum amount of the first subscription is set at one thousandth of a unit.

Unit B

Currency: Euro
The initial NAV is set at €1,000.
The minimum amount of the first subscription is set at one thousandth of a unit.

▶ **Subscription and redemption:**

Requests for subscriptions and repurchases arising from day D (the transfer date) before noon local time in Paris are executed on the NAV applicable to the date of the transfer, hence D.
The settlement and delivery of units occurs on the transfer date, hence D.
The NAV which strips the subscriptions/repurchases on a given day is dated the day prior and calculated on the basis of the price of the prior trading day (D-1). In the case of an exceptional market event, this NAV may be recalculated to ensure the absence of any market timing opportunities.

Orders are executed in accordance with the table below:

Day D trading day	Day D trading day	D trading day: the established date of the NAV	D trading day	D trading day	D trading day
Centralisation before 12:00 noon of subscription orders*	Centralisation before 12:00 noon of redemption orders*	Execution of the order at the very latest on D	Publication of the NAV	Subscription settlement	Repurchase settlement

*Except for potential deadlines specifically agreed upon with your financial institution.

The Fund's NAV on which subscription and redemption orders will be executed may be recalculated between the moment at which orders are placed and their execution, to take into account any exceptional market events incurring in the interim.

Subscription and redemption requests after 12:00 noon (Paris time) are executed on the basis of the subsequent NAV.

Technical centralisation: For hedge fund feeders (only) of the HSBC Monétaire Etat mutual fund, the centralisation time of subscriptions and redemptions in the HSBC Monétaire Etat mutual fund is 12:30 p.m. (Paris time).

Establishments designated to receive subscriptions and redemptions, and in charge of complying with the transfer deadline indicated in the paragraph above:
CACEIS Bank and HSBC France in the name of customers for whom it acts as the custodian.

Unitholders are hereby notified that orders transmitted to marketers other than the establishments mentioned above must take into account the order transfer deadline which applies to said marketers regarding CACEIS Bank. Consequently, these marketers may apply their own deadlines, prior to the one mentioned above, in order to account for their transmission deadline of orders to CACEIS Bank.

Unit I
Subscriptions and redemptions may be made in thousandths of units.

The minimum amount of the first subscription is €1 million.

Unit A
Subscriptions and redemptions may be made in thousandths of units.
The minimum amount of the first subscription is one unit.

Unit Z
Subscriptions and redemptions may be made in thousandths of units.
The minimum amount of the first subscription is one thousandth of a unit.

Unit B
Subscriptions and redemptions may be made in thousandths of units or in full.
The minimum amount of the first subscription is one thousandth of a unit.

The change from one unit category to another is considered a redemption followed by a subscription is consequently taxable.

▶ **Frequency of calculation of the NAV:**
The NAV is calculated daily, except on Saturdays, Sundays, legal holidays in France and the closing days of the French market.

▶ **Charges and commissions:**

Subscription and redemption commissions
The subscription and redemption commissions are added to the subscription price paid by the investor or reduce the reimbursement price. The commissions paid into the UCITS compensate for the costs borne by the UCITS to invest or stop investing the entrusted assets. Commissions not earned are returned to the management company, marketer, etc.

Unit A

Charges billed to the investor, deducted at the time of subscriptions and redemptions	Base	Scale rate
Subscription commission not paid into the UCITS	VL x number of units	0.50% maximum
Subscription commission paid into the UCITS	VL x number of units	None
Redemption commission not paid into the UCITS	VL x number of units	None
Redemption commission paid into the UCITS	VL x number of units	None

Unit I

Charges billed to the investor, deducted at the time of subscriptions and redemptions	Base	Rate scale
Subscription commission not paid into the UCITS	VL x number of units	0.50% maximum
Subscription commission paid into the UCITS	VL x number of units	None

Redemption commission not paid into the UCITS	VL x number of units	None
Redemption commission paid into the UCITS	VL x number of units	None

Unit Z:

Charges billed to the investor, deducted at the time of subscriptions and redemptions	Base	Scale rate
Subscription commission not paid into the UCITS	VL x number of units	6% maximum
Subscription commission paid into the UCITS	VL x number of units	None
Redemption commission not paid into the UCITS	VL x number of units	None
Redemption commission paid into the UCITS	VL x number of units	None

Unit B:

Charges billed to the investor, deducted at the time of subscriptions and redemptions	Base	Scale rate
Subscription commission not paid into the UCITS	VL x number of units	0.50% maximum
Subscription commission paid into the UCITS	VL x number of units	None
Redemption commission not paid into the UCITS	VL x number of units	None
Redemption commission paid into the UCITS	VL x number of units	None

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

Expenses

Financial management and administrative charges external to the management company cover all charges directly invoiced to the UCITS, other than transaction fees. Transaction fees include intermediation, i.e. brokerage, market taxes, etc., and for transfers, as necessary, which may be deducted especially by the depository and the management company.
In addition to financial management and external administrative fees, the management company may also include:
- performance commissions. These commissions remunerate the management company when the UCITS exceeds its objectives. They are therefore charged to the UCITS;
- transaction commissions charged to the UCITS;

Unit A:

	Costs charged to the UCITS:	Base	Scale rate

1 and 2	External administrative and management charges, i.e., non-management company	Net assets	Maximum 0.40% including taxes
3	Maximum indirect costs (commissions and management fees)	Net assets	Insignificant*
4	Commissions on fund transfers	Deduction from each transaction	None
5	Top performance commission	Net assets	None

*** the UCITS invests less than 10% in the money market funds**

Unit I:

	Costs charged to the UCITS:	Base	Scale rate
1 and 2	External administrative and management charges, i.e., non-management company	Net assets	Maximum 0.10% including taxes
3	Maximum indirect costs (commissions and management fees)	Net assets	Insignificant*
4	Commissions on fund transfers	Deduction from each transaction	None
5	Performance commission	Net assets	None

*** the UCITS invests less than 10% in the money market funds**

Unit Z:

	Costs charged to the UCITS:	Base	Scale rate
1 and 2	External administrative and management charges, i.e., non-management company	Net assets	Maximum 0.10% including taxes
3	Maximum indirect costs (commissions and management fees)	Net assets	Insignificant*
4	Commissions on fund transfers	Deduction from each transaction	None
5	Top performance commission	Net assets	None

*** the Fund invests less than 10% in the money market funds**

Unit B:

	Costs charged to the UCITS:	Base	Scale rate
1 and 2	External administrative and management charges, i.e., non-management company	Net assets	Maximum 0.10% including taxes

3	Maximum indirect costs (commissions and management fees)	Net assets	Insignificant*
4	Commissions on fund transfers	Deduction from each transaction	None
5	Performance commission	Net assets	None

*** the UCITS invests less than 10% in the money market funds**

Additional information on temporary purchases and sales of securities:

The management company receives no compensation in context of these temporary purchases and sales of securities.

Revenue and income generated by temporary purchases and sales of securities are fully earned by the UCITS.

Operational costs and charges relating to these transactions may also be the responsibility of the management company and not be charged to the UCITS.

Brief description of the credit quality evaluation and intermediary selection processes

- **Description of the internal evaluation process of credit risk**

In accordance with Regulation (EU) 2017/1131 regarding money market funds (articles 19-23) and augmented by the Delegated Regulation 2018/990 of 10 April 2018 (hereafter "Money Market Regulation"), HSBC Global Asset Management (France), management company of the HSBC Monétaire Money Market Fund, has established an internal evaluation process of the credit quality which takes into account the issuer of the instrument and the characteristics of the instrument itself to determine the credit quality of instruments held in the Fund.

As the Fund invests directly or via reverse repurchase agreements in securities issued or guaranteed by France or another country in the European Union, certain provisions of this internal valuation process of the credit quality may not be relevant.

The evaluation procedure of credit quality, applicable to money market funds, aims to minimize the likelihood of an issuer being downgraded below minimum rating requirements of "internal investment rules for money market funds" over the maximum term permitted by the maximum limit set for each issuer. Therefore, the objective of the evaluation procedure of credit quality is to only approve issuers with a minimum default risk and a low probability of deterioration of the credit quality beyond what is considered acceptable for a money market fund.

The procedure is applied systematically. Only assets having received a positive evaluation may be included in the fund portfolio; there are no exceptions according to this rule.

The perimeter of its application concerns the Money Market Regulation, i.e.:

- *Money market instruments, bonds whose residual maturity is less than one year, ABCPs which take into account the issuer and the characteristics of the instrument itself*
- *Instruments likely to be received in context of a reverse repurchase agreement.*

The organization of the parties and their roles:

The Board of Directors of HSBC Global Asset Management (France) has delegated the examination, evaluation and monitoring of the procedure to the General Management of HSBC Global Asset Management (France). It is based on the governance in place within the management company via the Local Credit Authorisation Committee (hereafter “LCAC”), which validates the procedure at least once annually. It evaluates its results and continuously revises *the methodology as needed. The Deputy CEO and Vice President, Investments is a member of this committee*

- *The LCAC is the deployment in France of the Global Liquidity Credit Approval Committee (hereafter "Global LCAC" which may be understood as the Global Credit Authorisation Committee for money market products.) The LCAC reviews and validates all decisions of the Global LCAC for France. The LCAC is empowered to be more but not less restrictive than the Global LCAC. The money market management team has no voting rights on this committee.*

Composition of the LCAC

The chairmanship of the LCAC is assumed by the Deputy CEO and Vice President, Investments for HSBC Global Asset Management (France).
The Committee Secretariat is assumed by the Credit Research team.

- *Other permanent members: The Vice President, Credit Management or their representative, the Vice President, Credit Research or their representative and another member of the Credit Research team, a representative of the Investment Risk team, the Internal Control team, a representative of the Compliance team, a representative of the Middle Office Regulatory Control team and a representative of the of the Middle Office Referential*
- *A representative of the Monétaire management may be present.*

Minimum quorum: the presence of the Deputy CEO and Vice President, Investments of HSBC Global Asset Management (France), the Vice President, Credit Research or their representative, the Vice President, Credit Management or their representative, and a representative of the Investment Risk team.

Voting: decisions are made collectively, in case of disagreement among the members of the committee, the HSBC Global Asset Management (France) Deputy CEO is the final arbiter. The representative of the money market fund management does not participate in voting.

- *For a new issuer to join the list of issuers authorised by the LCAC, the Credit Research function, which is functionally independent from the money market fund management team, completes a Credit Quality Evaluation (CQE) on the issuer. Credit Research makes its recommendation to approve or reject a new issuer to the Global LCAC. This recommendation includes the proposed internal credit rating as well as a proposed size qualification, e.g. global, large, medium, or small, notably based on the size of the balance sheet for a bank, and the financial debt on the balance sheets for other issuers. The combination of the credit quality rating and the size of the issuer is expressed by the limit and maximum maturity of the investment of the issuer concerned. They are determined by the internal matrix established and maintained by the Global LCAC.*
- *Credit Research works on the basis of the principles established and governed by the Global LCAC.*
- *When an issuer is approved by the Global LCAC, it is added to the list of approved issuers, and it is then possible for the manager of the Fund to invest in this issuer with respect to investment rules established for each money market fund by the Liquidity Credit Investment Committee (hereafter "LCIC"). The LCIC is a global committee which establishes the eligibility conditions for each potential investment. For instance, the minimum levels of credit quality, maximum maturity and maximum exposure.*

- *The manager of the HSBC Monétaire Mutual Fund may only invest in issuers included on the List of Approved Issuers*

Credit Research re-evaluates at least annually each issuer appearing on the List of Approved Issuers and continuously monitors issuers based on publicly available data, such as annual reports, consolidated financial statements, announcements and press releases, from the issuers and ratings provided by external rating agencies.

If the credit risk profile of an issuer actually improves their internal rating then the new rating must be submitted to the Global LCIC to be evaluated and approved or rejected. Moreover, a progressive downgrading of the credit quality of an issuer, within the acceptable limits for money market funds, shall be evaluated and approved by the Global LCIC on the recommendation of the analyst.

However, if the credit risk profile of an issuer on the approved list deteriorates suddenly, sufficient to lower their internal rating, then the credit analyst in charge may themselves immediately assign this lower rating. If the new rating is less then the minimum internal rating authorised then the issuer is removed from the approved list. This is a downgrading procedure.

Credit Research conducts a fundamental credit analysis which is composed of a quantitative element analysis and a qualitative factor analysis.

Quantitative analysis
Credit Research constructs proprietary financial models on the different types of issuers. These financial models focus on the analysis of financial data, and identifying trends and key credit risk factors. They use, but are not restricted to, indicators such as the analysis of profitability, cash flow, liquidity, leverages, asset quality etc. This analysis is based on historical figures as well as forecasting if needed.

The quantitative analysis also uses historical data on changes in ratings and default volatility according to the rating and the terms/sectors.
Moreover, Credit Research compares the prices of medium/long-term instruments of an issuer as well as the credit spread of an appropriate benchmark to get a snapshot of the issuer's position within their sector/region.

Qualitative analysis
In order to complete their qualitative analysis of the credit quality of the issuer, the credit analyst relies on different elements including notes from meetings with executives, quarterly and annual earnings statements, sectoral publications, external research, issuer publications, rating agencies and the media. The qualitative evaluation of the credit quality takes into account the macroeconomic situation and the market conditions which may affect the issuer. This analysis covers the following factors for each issuer/instrument to the extent possible:

- *Sectoral trends, sectoral concentration and market share*
- *Product/geographic diversification and entry barriers*
- *The size and competitiveness of the issuer*
- *Regulations*
- *The organizational structure as well as the potential support of the government or shareholders*
- *Management and strategy*
- *Governance and auditing*
- *Sources of liquidity and the ability of the issuer to react to events affecting the market in its totality, and notably its reimbursement capacity in a difficult environment. Secondary reimbursement sources are also analysed.*
- *For banks, the ability to manage earnings to satisfy regulated ratios of capital and asset quality.*
- *For issuers representing national, regional or local government authorities, political stability and the size, health and diversity of the economy in relationship to debt and potential liabilities*

More specifically concerning the analysis methodology of ABCP issues, it among others stipulates a profound evaluation of the following risk factors:

- *the credit quality of the sponsor bank as principal provider of credit lines and by its multiple roles in the administrative management of the program;*
- *the contractual conditions of credit lines granted by the sponsor bank;*
- *the legal and structural context of the conduit issuer in order to evaluate the level of protection investors have against a bankruptcy and/or operational risk;*
- *the credit quality of the underlying assets to ensure, on the one hand, that they are structured adequately for an investment in money market funds and, on the other hand, that their performance logically lasts over time.*

Finally, the short-term nature of money market instruments is taken into account, such that the instruments held have a sufficient short-term maturity to minimize severe downgrading risks of the credit quality. The categorization of the instrument is made from its liquidity profile and asset type. Hence only high ranking instruments or greater are considered for money market fund investment. Contractually lower instruments are ineligible.

The internal evaluation methodology of the credit quality takes into account different quantitative and qualitative data, in function of the type of issuer: national, regional or local government authorities, related agencies, banks, ABCPs or other corporates.
For each category of issuer, the qualitative and quantitative factors are chosen and reviewed/validated at least once annually by the Global LCAC. For each qualitative and quantitative factor, the credit analyst determines an individual score.

The qualitative factor scores are aggregated (weight assigned according to an internal systematic method) to yield a global qualitative factor. The same holds for quantitative factor scores which are aggregated to provide a global quantitative score. The internal credit rating is then determined by the weighted average of its financial (quantitative) profile and its operational (qualitative) profile.
The analysis must be presented to the Global LCAC for approval and the issuer to be included on the approved list. The minimum authorised internal rating for the Fund is decided by the Global LCIC.

The methodological principal set above is the same for the different categories of identified issuers. The qualitative and quantitative factors chosen vary by category. They are specific and selected because of their significance to the concerned category, i.e. national, regional or local government authorities, related agencies, banks, ABCPs, and other corporates.

The evaluation of the credit quality relies on the Credit Research team which is the expert team in charge of credit analysis. There is no purely quantitative step in the methodology implemented. The scoring/score aggregation models are developed by Credit Research and the fundamental research is determinant. All internal credit ratings are reviewed and validated by the Global LCAC. Exceptions are not permitted.

An issuer is reviewed at least once annually. Any significant event or disclosure which may have an impact on the existing rating of the issuer, as defined by article 19.4.d of the Regulation, for instance if the credit quality of an issuer becomes "uncertain" or potentially deteriorates rapidly, for instance due to a significant negative financial event or a significant downgrade from a rating agency, triggers an immediate re-evaluation of the internal credit rating of the issuer and the appropriate measures shall be taken for any specific instrument of the issuer concerned.
Internal ratings are documented and archived in the proprietary internal database of Credit Research.
The management company may adapt its evaluation procedure of the credit quality if its monitoring reveals flaws. Consequently the procedure as described herein may temporarily not perfectly reflect the procedure in force.

The evaluation methodology of the credit quality which is based on market event and trigger point criteria is reviewed annually by the LCAC. This review is validated by the General Management of HSBC Global Asset Management (France).

<u>Brief description of the intermediary selection procedure:</u>

The management company selects brokers or counterparties according to a procedure consistent with the applicable regulations and in particular the provisions of Article 314-69 et seq. of the General Regulations of the AMF. In the context of this selection, the management company always upholds its best execution obligation.

The objectives of the selection criteria used by the management company especially include the quality of order execution, fees used, as well as the financial solvency of each broker or counterparty.

The selection of counterparties, investment companies and HSBC Global Asset Management (France) service providers is made according to a specific evaluation process intended to ensure quality service is provided to the company. It is a key element of the overall decision encompassing the impact of the quality of service provided by the broker to all of our departments: Management, Financial Analysis and Credit, Trading, and Middle Office.

Counterparty selection can involve an entity linked to the HSBC Group or the Fund depositary.

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

IV Commercial and regulatory information

The management company provides the following information on its website at the following address www.assetmanagement.hsbc.fr, under the heading "Fund centre" and the "Liquidity" subheading:

- The NAV of the Fund;
- Breakdown by maturity of the Fund portfolio
- The credit profile of the Fund
- The weighted average maturity and weighted average life of the Fund
- Details about the ten largest investments of the Fund
- The net return of the Fund

All information concerning the Fund may be obtained by contacting the marketer directly.
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Information on the ESG and governance quality criteria contained in the investment policy:

Pursuant to Article L533-22-1 of the French Monetary and Financial Code, information on ESG criteria contained in this Fund's investment policy is available on HSBC Global Asset Management's website at the following address:www.assetmanagement.hsbc.com/fr and as necessary in the Fund's annual report.

V Investment rules

The legal investment rules which are applicable to this mutual fund are those arising from Regulation (EU) 2017/1131 of the European Parliament and Council of 14 June 2017 regarding money market funds as well as UCITS covered by Directive 2009/65/CE, as well as those which apply to its AMF classification.

VI Overall risk

The commitment method is used to calculate the overall risk on forward financial instruments.

The management company has implemented crisis simulation scenarios as regards Article 28 of Regulation EU 2017/1131 regarding money market funds and guidelines regarding these scenarios provided by ESMA.

These scenarios are periodically reviewed.

VII Asset valuation and accounting rules

The asset valuation rules applied by the accounting manager are outlined below according to the instruments held by the UCITS:

The UCITS has adopted the euro as its reference currency.

The assets are valuated at least once daily.

The prices used for the valuation of securities traded on the stock exchange are the market price valuations:

- The assets of a money market fund are valuated at the average market price
- The assets of the money market fund may be valuated on the basis of the purchase or sales price in case of significant subscriptions or repurchases
- The management company relies on an externally recognized service provider for its capacity to provide quality market data and which takes into consideration criteria established by regulations.
- When resorting to valuation of the market price is impossible or the market data is of an insufficient quality, the assets shall be valuated prudently through valuation by using a model which shall estimate the intrinsic value on the basis of the key data updated by market risks, interest rates, liquidity, and credit risk related to the asset.
- The prices applied for the valuation of bonds are an average contributor.

When the recourse to the valuation of the market price is impossible or the market data is of an insufficient quality, the data shall be valuated prudently through valuation using a model in the context stipulated by regulations.

Investment funds are valued at the last known price.

Repurchase agreements are valuated during the contract.

Futures, options or exchange transactions made on OTC markets, authorised by applicable mutual fund regulations, are valuated at their market value or an estimated value according to methods chosen by the management company. Interest rate and/or currency exchange contracts are valuated at their market value pursuant to the price calculated by updating the future cash flows (principal and interest), at the market interest rate and/or currency.

European and foreign futures are valuated on the basis of the clearing prices.

Interest-rate and foreign currency swaps are valued under market conditions.

The commitments appearing on the off-balance sheet in the European and foreign futures markets are calculated

- FUTURES

(Qty x Nominal x Daily Price x Contract Currency)

- OPTIONS

(Qty x delta) x (Nominal of the underlying x Daily price of the underlying x Currency of the contract).

For swaps, the off-balance sheet commitment corresponds to the nominal amount of the contract, increased or reduced by interest spreads as well as unrecognised gains or losses observed on the closure date.

Interest is recognised according to the accrued interest method.
Transaction fees are recognised in specific Fund accounts and are not added to the price.
Additions and redemptions of securities are booked without expenses.

Financial instruments whose rate was noted on the valuation date or whose rate was adjusted are valued at their probable trading value as determined by the management company. These valuations and proof therein are provided to the auditor in connection with its audits.

Valuation of financial collateral

Collateral is valuated daily on a mark to market basis.
Haircuts can be applied to collateral received in the form of securities according to the level of risk.
Margin calls occur daily unless otherwise indicated in the master agreement covering these transactions on in case of agreement between the management company and the counterparty on the application of a trigger point.

Alternative practical methods in exceptional circumstances

Since the NAV is calculated by an external service provider to the management company, any potential issues with information systems used by the management company shall not affect the capacity of the mutual fund to have its NAV determined and published.
In the event of an issue with the service provider's systems, the service provider's backup plan shall be implemented in order to guarantee continuity in the calculation of the NAV.
As a last resort, the management company has the necessary means and systems to temporarily mitigate issues with the provider and to determine the NAV of the Fund itself.

However, the redemption by the Fund of its units and the issuance of new units may be temporarily suspended by the management company according to Article L.214-30 of the

French Monetary and Financial Code in exceptional circumstances and if required by the interest of the unitholders.
Exceptional circumstances are defined in particular as any period during which:

a) Trading on one of the markets on which a significant proportion of the mutual fund's investments are generally traded are suspended, or one of the methods generally used by the management company to valuate investments or determine the NAV of the mutual fund is temporarily discontinued, or

b) The valuation of the financial instruments held by the mutual fund cannot be completed according to the service provider in a reasonable, quick, fair manner, or

c) According to the management company, in exceptional circumstances it is not reasonably possible to sell all or some of the assets in the mutual fund or to invest in the investment markets of the mutual fund, or this is not possible without seriously harming the interests of unitholders in the mutual fund, particularly in case of force majeure that temporarily deprives the management company of its management systems, or

d) The fund transfer transactions required for completing or paying assets in the mutual fund or for the execution of subscriptions or redemptions of units in the mutual fund are postponed or, according to the management company, cannot be carried out quickly under normal exchange rates.

In all cases of suspension, with the exception of ad hoc market communications, unitholders shall be informed as soon as possible through a press release. The information shall be provided beforehand to the French financial markets authority.

Moreover, under extremely difficult market conditions or due to a very high volume of redemption requests, the UCITS may experience liquidity problems. These market disruptions can impact the price conditions in which the UCITS may need to liquidate, initiate, or change positions and therefore cause a decline in the NAV of the UCITS.

VIII. Remuneration

The HSBC Global Asset Management (France) management company has implemented a remuneration policy that is tailored to its structure and its business activities.

This policy aims to provide a framework for the various methods of remunerating employees with decision-making, oversight or risk-taking authority within the group.

This remuneration policy has been drawn up to reflect the economic strategy, objectives, values and interests of the management company within the HSBC Group, those of managed investment funds and those of their investors/shareholders.

The objective of the policy is to discourage risk-taking that is excessive when compared to the risk profile of the managed UCIs.

The management company has implemented adequate measures to prevent conflicts of interest.

The remuneration policy is adapted and monitored by the Remuneration Committee and the Board of Directors of HSBC Global Asset Management (France).

The remuneration policy is available at the following address: www.assetmanagement.hsbc.com/fr or at no cost simply by contacting the management company.

• *Approved by the COB on:*	*17 October 1997*
• *Date of inception:*	*23 October 1997*
• *Date of approval Regulation (EU) 2017/1131*	*3rd May 2019*
• *Updated on:*	*11 February 2020*

MUTUAL FUND RULES
HSBC MONÉTAIRE ETAT

SECTION I

ASSETS AND UNITS

ARTICLE I - JOINTLY-OWNED UNITS

The rights of joint owners are expressed in units, with each unit corresponding to an identical share of the fund's assets. Each unitholder is entitled to joint ownership of the mutual fund's assets in proportion to the number of units held.

The term of the fund is 99 years from the date of its inception, unless it is wound up early or extended pursuant to these regulations.

The characteristics of the various unit categories and their access conditions are set out in the mutual fund's prospectus.

The various unit categories may:

- have different arrangements for distributing revenue; (distribution or accumulation)
- be denominated in different currencies;
- incur different management charges;
- be subject to different subscription and redemption commissions;
- have different nominal values;
- be systematically hedged against risk, either partially or in full, as defined in the prospectus. This hedging process is performed using financial instruments that minimize the impact of the hedging transactions for the other unit classes of the UCITS;
- be reserved for one or more marketing networks.

Units may be divided, grouped, or split, on the decision of the management company's Board of Directors or its Chairman, into tenths, hundredths, thousandths, or ten-thousandths of units, called fractional units.

The provisions of the regulations governing the issue and redemption of units shall also apply to fractional units, whose value will always be proportionate to that of the unit that they represent. Unless otherwise stated, all other provisions of the regulations relating to units shall apply to fractional units without any need to make a specific provision.

Lastly, the Board of Directors of the management company may decide, at its sole discretion, to split the units by creating new units which are allocated to unitholders in exchange for the former units.

ARTICLE II - MINIMUM ASSET AMOUNT

Units may not be redeemed if the assets fall below €300,000; where net assets remain below that level for thirty days, the management company shall take the necessary measures to wind up the Fund in question or to perform one of the transactions listed in Article 411-16 of the AMF General Regulations (transfer of the UCITS).

ARTICLE III - ISSUANCE AND REDEMPTION OF UNITS

Units may be issued at any time at the request of the unitholders on the basis of their NAV plus subscription commissions if applicable.

Subscriptions and redemptions shall be completed under the terms and conditions set forth in the prospectus.

Fund units may be traded in accordance with the applicable regulations.

All initial subscriptions are 1 million for unit I, one unit for unit A, and a thousandth of a unit for units Z and B.

Subscriptions must be fully paid up on the day when the NAV is calculated. They may be made in cash and/or by the contribution of financial instruments. The management company may turn down the securities offered and must announce its decision within seven days. In the event of acceptance, the contributed securities shall be valued according to the rules set forth in Article IV, and the subscription shall be carried out on the basis of the first NAV following the acceptance of the securities concerned.

Redemptions shall be carried out exclusively in cash except in the case of the liquidation of the fund when the unitholders have notified their agreement to be reimbursed in securities. They shall be settled by the account holder within a maximum period of five days following the valuation date of the unit.
However, if, under exceptional circumstances, the redemption requires the prior realisation of Fund assets, this period may be extended but shall not exceed 30 days.

Except in the event of inheritance or *inter vivos* distribution, the disposal or transfer of units between unitholders, or from unitholders to a third party, is equivalent to a redemption followed by a subscription. If a third party is involved, the amount of the disposal or transfer must, where applicable, be supplemented by the beneficiary in order to reach the minimum subscription level required by the prospectus.

Pursuant to Article L214-8-7 of the French financial and monetary code, the redemption of units by the mutual fund as well as the issue of new units may be suspended on a temporary basis by the management company in exceptional circumstances and if the interests of the unitholders require it.

If the mutual fund's net assets fall below the minimum regulatory requirement, no units may be redeemed.

The management company's Board of Directors may restrict or prevent the holding of units of the Fund by any person or entity prohibited from holding units of the Fund (hereafter "Non-Eligible Person"), as defined in the "Subscribers concerned and typical investor profile" section of the prospectus.

To this end, the Board of Directors of the management company may:

(i) Refuse to issue any unit when it appears that such an issue would or could have the effect that the said shares are directly or indirectly held for the benefit of a Non-Eligible Person;

(ii) At any time, require from a person or entity whose name appears in the account register that it be provided with any information accompanied by a declaration on honour that it would consider necessary for the purposes of determining whether the beneficial owner of the units in question is a Non-Eligible Person;

(iii) In the event of failure to transmit the information mentioned in (ii), or when a unitholder proves to be a Non-Eligible Person, transmit information about the investor concerned to the competent tax authorities of the country or countries with which France has entered into an information exchange agreement; and

(iv) When it appears that a person or entity is (i) a Non-Eligible Person and (ii) alone or jointly, the beneficial owner of the units, prohibit any new subscription of units in the Fund by the unitholder, compel the unitholder to sell his or her interest in the Fund, or, in certain cases, proceed with the forced redemption of all the units held by such a unitholder.

The forced redemption must be carried out by the account keeper of the Non-Eligible Person, on the basis of the NAV following the formal decision of the management company, minus any applicable charges, duties, and commissions, which shall remain the responsibility of the Non-Eligible Person.

The formal decision of the management company shall be preceded by a period of discussion suitable herein but no less than 10 days during which the beneficial owner of the units may submit his or her remarks to the competent body of the management company.

The UCITS may cease to issue units provisionally or definitively, partially or totally, pursuant to the third section of article L.214-8-7 of the French Financial and Monetary Code in objective situations involving the closure of subscriptions due to the issuance of a maximum number of units, the attainment of a maximum amount of assets or the expiration of a specific subscription period. The trigger for this tool shall be subject to a disclosure by any means to the existing unitholders regarding its activation, as well as the threshold and the objective situation having led to the decision of partial or total closure. In case of partial closure, this disclosure by any means shall explicitly stipulate the modalities according to which the existing unitholders may continue to subscribe for the duration of this partial closure. The unitholders are also informed by any means of the decision of the UCITS or the management company either to totally or partially end subscriptions (in transitioning to the trigger point), or not to end it (in case of a change in the point or modification of the objective situation having led to the implementation of this tool). A modification of the objective situation invoked or the trigger point of the tool must always be made in the interest of the unitholders. The disclosure by any means stipulates the exact reasons for these modifications.

ARTICLE IV - CALCULATION OF THE NAV

The NAV of the units shall be calculated in accordance with the valuation rules indicated in the prospectus.

SECTION II

OPERATION OF THE FUND

ARTICLE V - THE MANAGEMENT COMPANY

The Fund shall be managed by the management company in accordance with the Fund's investment objectives.

The management company acts at any point on behalf of unitholders and may only exercise voting rights attached to securities held by the fund

ARTICLE V B - OPERATING RULES

The prospectus describes the instruments and deposits eligible for inclusion in the fund's assets as well as the investment rules.

ARTICLE V TER - ADMISSION TO TRADING ON A REGULATED MARKET AND/OR A MULTILATERAL TRADING SYSTEM

Units may be subject to trading on a regulated market and/or multilateral trading system according to regulations in force. In the event where the mutual fund whose units are traded on a regulated market has an objective based on an index, the Fund must take steps to ensure that the price of units remains meaningfully constant with its NAV.

ARTICLE VI - DEPOSITARY

The depositary shall perform the duties for which it is responsible in accordance with the legal and regulatory provisions in force and those contractually entrusted to it by the management company. In particular, it must ensure that the management company's decisions are lawful. Where applicable, it must take any protective measures that it deems useful. In the event of a dispute with the management company, it shall inform the AMF.

ARTICLE VII - STATUTORY AUDITOR

An auditor shall be appointed for six financial years, subject to the approval of the AMF, by the Board of Directors of the management company.

It shall certify that the accounts are true and fair.

Its term of office may be renewed.

The statutory auditor shall be required to notify, as soon as practicable, the AMF of any fact or decision concerning the Fund of which it has become aware in the performance of its duties that might:

1. Constitute an infringement of applicable laws or regulations and which may have a significant effect on its financial situation, earnings, or assets
2. Adversely affect the conditions or the continuity of its operations
3. Result in a qualified opinion or a refusal to certify the accounts.

Asset valuations and the determination of exchange rates used in currency conversions, mergers, or demergers shall be audited by the registered auditor.

It shall be responsible for the valuation of all contributions in kind.

It shall verify the accuracy of the composition of the assets and other information before publication.

The fees of the Registered Auditor shall be set by mutual agreement between it and the Board of Directors of the management company in accordance with a work schedule specifying the measures deemed necessary.

It shall certify the circumstances underlying any interim distributions.

The fees of the registered auditor shall be included in the management fees.

ARTICLE VIII - FINANCIAL STATEMENTS AND MANAGEMENT REPORT

At the close of each fiscal year, the management company shall draw up the financial statements and a report on the fund's management for the past fiscal year.

At least once every six months, the management company shall prepare an inventory of the Fund's assets under the depositary's supervision.

The management company shall hold these documents available for consultation by the unitholders for a period of four months from the year-end and inform them of their revenue entitlement. These documents shall be either sent by post, at the express request of the unitholders, or made available to them at the management company.

SECTION III

APPROPRIATION OF DISTRIBUTABLE AMOUNTS

ARTICLE IX - APPROPRIATION OF DISTRIBUTABLE AMOUNTS

Net earnings for the year are equal to the amount of interest, arrears, dividends, premiums, and bonuses as well as all income relating to securities that constitute the fund's portfolio, plus income from temporary cash holdings, minus management fees and borrowing costs.

The amounts distributable by a UCITS consist of:

(1) Net income plus retained earnings, plus or minus the balance of income accruals;

(2) Capital gains realised, net of costs, minus capital losses realised, net of costs, recognised during the fiscal year, plus net capital gains of the same type recognised during earlier fiscal years that were not the subject to any distribution or accumulation, and minus or plus the balance of accrued capital gains.

The amounts indicated in points 1° and 2° above may be distributed independently of each other, in whole or in part.

The appropriation of the distributable amounts is described in detail in the prospectus.

SECTION IV

MERGER - DEMERGER - DISSOLUTION - LIQUIDATION

ARTICLE X - MERGER - DEMERGER

The management company may either merge all or part of the assets of the fund with another UCITS under its management or split the fund into two or more other mutual funds.

Such mergers or demergers may only be carried out after unitholders have been notified. They shall result in the issuance of a new certificate stating the number of units held by each holder.

ARTICLE XI - DISSOLUTION - EXTENSION

If the Fund's assets remain below the minimum level set in article 2 for thirty consecutive days, the management company shall notify the AMF and then either arrange a merger with another investment fund or dissolve it.

The management company may dissolve the Fund early, and in notifying the unitholders of this decision, no further subscription or redemption requests shall be accepted after such an announcement.

The management company shall dissolve the Fund if it receives a request to redeem all its assets, if the depositary ceases to operate and no other depositary has been appointed, or on expiry of its term, if it is not extended.

The management company shall inform the AMF by post of the planned dissolution date and procedure. It shall then send the auditor's report to the AMF.

The management company may decide to extend the Fund with the agreement of the depositary. The decision must be made at least three months before expiry of the fund's anticipated term and reported to the unitholders and the AMF.

ARTICLE XII - LIQUIDATION

In the event of dissolution, the management company or the depositary with its consent shall assume the role of liquidator. Otherwise a liquidator shall be appointed by the court at the request of any interested party. In such an event, they shall be entrusted with full powers to realise assets, pay off any creditors, and distribute the remaining balance among the unitholders in the form of cash or securities.

The registered auditor and the depositary shall continue in office until all liquidation operations have been completed.

SECTION V

DISPUTES

ARTICLE XIII - COMPETENCE - ELECTION OF DOMICILE

Any disputes relating to the Fund that arise during its duration or liquidation, either among the unitholders or between the unitholders and the management company or the depositary, shall be subject to the jurisdiction of the competent courts.

SECTION VI

PROVISIONS SPECIFIC TO FUNDS APPROVED PURSUANT TO REGULATION (EU) 2017/1131

ARTICLE XIV - FUND CHARACTERISTICS

The Fund is a short-term variable NAV (VNAV) money market fund.

ARTICLE XV - INFORMATION REGARDING THE INVESTMENT POLICY

The Fund makes use of the exception provided in point 7 of article 17 of Regulation (EU) 2017/1131. In accordance with the principle of the distribution of risks, it may consequently invest up to 100% of its assets in different money market instruments issued or guaranteed individually or jointly by a list of entities stipulated in the prospectus.

ARTICLE XVI - INFORMATION REGARDING THE CREDIT QUALITY OF INSTRUMENTS SELECTED

In accordance with the provisions of Regulation (EU) 2017/1131, the management company has implemented an internal evaluation procedure of the credit quality applied in context of the investment policy of the Fund. This procedure is described in the prospectus.

• *Approved by the COB on:*	*17 October 1997*
• *Date of inception:*	*23 October 1997*
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