UCITS governed by European Directive 2009/65/EC

PROSPECTUS

I. General characteristics

▶ Name of company:

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: Coeur Défense – 110 esplanade du Général de Gaulle – La Défense 4 – 92800 Courbevoie
Postal address: 75419 Paris Cedex 8

SICAV approved under the Nanterre Trade & Companies Register 682 002 134 and under French SIRET number 682 002 134 00026

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

▶ Date of establishment and expected life span:

The open-ended investment company (SICAV) was created on 02 December 1968 for a term of 99 years.

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

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

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

- HSBC SRI EUROLAND EQUITY created on 29 December 1995 became the sub-fund **HSBC RESPONSIBLE INVESTMENT FUNDS – SRI EUROLAND EQUITY**

- HSBC SRI EURO BOND created on 12 March 2004 became the sub-fund **HSBC RESPONSIBLE INVESTMENT FUNDS – SRI EURO BOND**

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 proposal:

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

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

AD	FR0000982456	Net income: distribution Net capital gains: Accumulation and/or distribution, on the management company's decision 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 capital gains: Accumulation and/or distribution, on the management company's decision each year.	EUR	€100,000*	All subscribers, especially institutional investors.
K C-D	FR0012114239	Net income and net capital gains: Accumulation and/or distribution, on the management company's decision each year.	EUR	1 000 000 euros	Reserved for HSBC Assurances-Vie (France)
ZC	FR0013437183	Capitalisation	EUR	One thousandth of a share	Reserved for investment funds and mandates of HSBC Global Asset Management (France)
BC	FR0013287224	Accumulation	EUR	1 thousandth of a share	Subscription for this share is subject to the existence of a specific remuneration agreement between the subscriber and the distributor or the portfolio manager

*With the exception of the management company whose minimum is one share

- HSBC Responsible Investment Funds - SRI Global Equity:

Type of shares	**ISIN codes**	**Appropriation of distributable amounts**	**Currency of issue**	**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 intended for institutional investors
ZC	FR0013076007	Accumulation	Euro	1 thousandth of a share	Reserved for investment funds and mandates of HSBC Global Asset Management (France)
JC	FR0013356722	Accumulation	Euro	1 thousandth of a share	Reserved for investment funds and mandates of the HSBC Group
BC	FR0013287265	Accumulation	Euro	1 thousandth of a share	Subscription for this share is subject to the existence of a specific remuneration agreement between the subscriber and the distributor or the portfolio manager
IT	FR0013325867	Accumulation	Euro	One share	Reserved for the ATFund market, an MTF with the Borsa Italiana

- HSBC Responsible Investment Funds - SRI Euroland Equity:

Type of shares	**ISIN codes**	**Appropriation of distributable amounts**	**Currency of issue**	**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 investment funds and mandates of HSBC Global Asset Management (France) (excluding company employee savings schemes and feeder hedge funds)
BC	FR0013287257	Accumulation	Euro	1 thousandth of a share	Subscription for this share is subject to the existence of a specific remuneration agreement between the subscriber and the distributor or the portfolio manager
IT	FR0013234960	Accumulation	Euro	1 share	Reserved for the ATFund market, an MTF with the Borsa Italiana

- HSBC Responsible Investment Funds - SRI Euro Bond:

Type of shares	**ISIN codes**	**Appropriation of distributable amounts**	**Currency of issue**	**Minimum initial subscription amount**	**Subscribers concerned**

AC	FR0010061283	Accumulation	Euro	1 thousandth of a share	All subscribers
AD	FR0011332733	Net income: distribution Net capital gains: Accumulation and/or distribution, on the management company's decision 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 investment funds and mandates of HSBC Global Asset Management (France)
BC	FR0013287232	Accumulation	Euro	1 thousandth of a share	Subscription for this share is subject to the existence of a specific remuneration agreement between the subscriber and the distributor or the portfolio manager
IT	FR0013234937	Accumulation	Euro	1 share	Reserved for the ATFund market, an MTF with the Borsa Italiana

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

Type of shares	ISIN codes	Appropriation of distributable amounts	Currency of issue	Minimum initial subscription amount	Subscribers concerned
AC	FR0013443132	Capitalisation	Euro	1 thousandth of a share	All subscribers
IC	FR0013443140	Capitalisation	Euro	€100,000	All subscribers, especially institutional investors.
RC	FR0013443157	Capitalisation	Euro	1 thousandth of a share	Reserved for investment funds 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 issue	Minimum initial subscription amount	Subscribers concerned
AC	FR0013443181	Capitalisation	Euro	1 thousandth of a share	All subscribers
IC	FR0013443199	Capitalisation	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 issue	Minimum initial subscription amount	Subscribers concerned
AC	FR0013443165	Capitalisation	Euro	1 thousandth of a share	All subscribers
IC	FR0013443173	Capitalisation	Euro	€100,000	All subscribers, especially institutional investors.

▶ Indication of the location from which the most recent annual report and interim statement can be obtained:

The SICAV by-laws, the latest annual reports and the asset inventory statement are sent out within eight business days at the shareholder's written request addressed to the management company appointed by the SICAV.

HSBC Global Asset Management (France)
75419 Paris Cedex 08
E-Mail: *hsbc.client.services-am@hsbc.fr*

II. <u>Principals</u>

▶ SICAV:

- <u>HSBC Responsible Investment Funds</u>

Company address: Coeur Défense – 110 esplanade du Général de Gaulle – La Défense 4 –92800 Courbevoie
Postal address: 75419 Paris Cedex 08

Composition of the Board of Directors:

Information concerning the composition of the Board of Directors as well as activities exercised by members of the management body when they are noteworthy regarding those exercised within the SICAV, appear in the annual report.
Each member cited is responsible for producing this information.

▶ **The appointed management company (financial manager):**

HSBC Global Asset Management (France)

Company address: Cœur Défense, 110 esplanade du Général de Gaulle - La Défense 4 - 92800 Courbevoie
Postal address: 75419 Paris Cedex 08

Portfolio management company authorised under no. GP99026 by the French Securities and Exchange Commission on 31 July 1999

HSBC Global Management (France) shall notably ensure the financial management of the SICAV, procedures dictated by the AMF, the duration of the SICAV as well as controls.

HSBC Global Asset Management (France) is the management company appointed by the SICAV.

▶ **Depositary and custodian:**

CACEIS Bank

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

The depositary's duties cover the tasks, as defined by the applicable regulations, of safekeeping of assets, verification of the regularity of the management company's decisions and monitoring of the cash flows of UCITS.

The depositary is independent of the management company.

<u>Delegates:</u>

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 is available to investors upon request.

▶ **Transfer Agent for subscription and redemption orders by delegation of the Management Company:**

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, France

The depositary is also responsible, as appointed by the management company, for management of the SICAV's liabilities, which covers the pooling of subscription and redemption orders for and holding the issuing account of the SICAV's shares.

▶ **Statutory auditor:**

Ernst & Young et Autres

Tour First

TSA 14444

92037 Paris La Défense Cedex

Represented by Mr Youssef Boujanoui

▶ **Marketers:**

HSBC Global Asset Management (France)

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

Postal address: 75419 Paris Cedex 08

▶ **Delegates:**

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 mutual fund accounting and a subsidiary of the CACEIS group.

CACEIS Fund Administration will deal in particular with the valuation of the SICAV and the production of interim documents.

III. Operating and management methods

3.1 General characteristics:

These general characteristics are general provisions for all the sub-funds of the SICAV.

▶ **Characteristics of the shares**:

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

Liability accounting is administered by Caceis Bank.

The administration of shares is dealt with by Euroclear FRANCE.

Voting rights: the voting rights attached to the shares of the SICAV, the decisions made by the Board of Directors of the SICAV at the behest of the management company.

Form of the shares: bearer or registered at the choice of subscribers. Subscriptions in registered form are only authorised on the prior decision of the management company.

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

▶ **Closing date**:

Final valuation day of December (closure of 1st financial year: last day of trading in December 1969).

▶ **Details of the tax system:**

The SICAV is not liable for corporation tax. According to the transparency principle, the tax administration considers that the shareholder directly possesses a fraction of the financial instruments and cash held in the SICAV.

The tax system applicable to the amounts distributed by the SICAV or the unrealised or realised capital gains or losses of the SICAV depends on the tax provisions relevant to the investor. The investor is advised to contact a specialised advisor on this matter.

The following sub-funds are eligible for the equity savings plan:

- HSBC Responsible Investment Funds – Europe Equity Green Transition;
- HSBC Responsible Investment Funds – SRI Euroland Equity;
- HSBC Responsible Investment Funds – SRI Dynamic.

Note:

Depending on your tax system, capital gains and income resulting from ownership of the SICAV's shares may be subject to tax. We would recommend that you contact the SICAV marketer for further information on this matter.

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 shares.

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

The open-ended investment company's shares.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 creation 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 creation 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).

For the purposes of this definition, "United States" or "US" 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 open-ended investment company, shareholders become a US Person, they will be
prohibited from (i) making additional investments in the open-ended investment company and (ii) their shares.shall be the subject of a forced redemption as soon as possible by the open-ended investment company (subject to the provisions of the applicable law).

From time to time, the open-ended investment company may amend the aforementioned restrictions or waive them.

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

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

3.2 Special provisions:

HSBC RESPONSIBLE INVESTMENT FUNDS - HSBC EUROPE EQUITY GREEN TRANSITION

▶ **Date of establishment**

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

- HSBC Europe Equity Green Transition established 22 March 2002

▶ **ISIN codes:**

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

▶ **Classification:**

International equities

▶ ***Management objective:***

The sub-fund's management objective is to maximise performance over the recommended investment horizon of 5 years by investing at least 75% of its net assets in a portfolio of shares issued by companies whose activities are related to a large extent to energy and ecological transition. The companies comprising the portfolio are selected for their good environmental, social, and governance practices and their financial standing.

▶ **Benchmark:**

The sub-fund has no benchmark but for information purposes, the sub-fund may be compared to large representative indexes on European equity markets such as MSCI Europe, a large index which includes more than 400 equities representing the largest market capitalisations in the european countries. This index is calculated in euros with net dividends reinvested by Morgan Stanley Capital Index (Bloomberg code: MSDEE15N Index).

The MSCI Ltd administrator of the MSCI Europe benchmark index is registered in the register of administrators and benchmark indices maintained by the European Securities and Markets Authority (ESMA). Additional information on the benchmark index is accessible via the website of MSCI Ltd administrator: http://www.msci.com

The management company has a procedure for monitoring benchmark indices used. It describes the measures to be implemented if substantial modifications are made to an index or if these indices cease to be provided.

▶ **Investment strategy:**

In order to achieve its investment objective, the sub-fund invests a minimum of 75% of its assets in equities of all capitalisations issued by corporations, actively committed to the theme of renewable energy transition. By investing in these companies, the sub-fund actively participates in financing renewable energy and green growth to fight climate change.

The portfolio is constructed as follows:

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

On the basis of a fundamental analysis, eligible companies are identified within the theme of the sub-fund, in particular by evaluating the participation of these companies in activities consistent with renewable energy transition or in identifying companies with a pro-active stake in the challenges tied to this theme. This process is based on the study of sources of revenue generated through these activities. This universe accounts for at 75% of the portfolio.

These activities which are directly or indirectly convergent with green growth may for instance be the implementation of renewable energy solutions, developing energy efficiency, the circular economy (notably including waste management and pollution control) or even sustainable agriculture.

This step shall be made in collaboration with our fundamental research teams which gather knowledge of the issuers via direct discussions with these companies and through the use of external data providers. Moreover, this step shall include an evaluation of activities which contradict renewable energy transition which are excluded from the portfolio.

Companies whose core business is involved in the exploration, production and exploitation of fossil fuels as well as nuclear energy are excluded from the portfolio.

The weapons and tobacco industries are automatically excluded, as are companies that have been proven to have breached one of the 10 principles of the United Nations Global Compact or that have at least two suspected breaches.

2) Portfolio diversification

Once the thematic investment universe has been defined, the sub-fund may expand it to include securities from all sectors, while adhering to the above-mentioned exclusion criteria. Companies will be selected either for their indirect relationship with energy and ecological transition or their financial standing, with a view towards ensuring good risk control. The diversification portion may not exceed 25% of the portfolio.

3) Selection in accordance with non-financial criteria (SRI filter)

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

The companies identified previously are all studied and selected on the basis of ESG criteria.

The selection of companies within each sector in accordance with these ESG criteria is based on a proprietary ESG analysis model, fed by data supplied by non-financial ratings agencies and research carried out internally.

Each company will be assigned 4 ratings: an E rating, S rating, G rating, and a combined rating. The first three are provided by external rating agencies, which endeavour to assess the relevant aspects for the sector to which the rated company belongs.

Concerning governance, aspects such as structure and the representation of the board of directors, the robustness of the auditing process and monitoring process or moreover the respect of the rights of minority shareholders are subject to systematic analysis along with the country where the company is based because corporate governance practices are highly determined by national legislation.

Environmental aspects are connected with the nature of the company's activity in its particular sector. Thus, in extractive industries, utilities and aviation, the release of carbon emissions directly associated with the company's activity is of paramount importance: their non-measurement and non-control may represent a major industrial risk and may result in financial penalties and/or major reputational damage.

The third pillar, social, covers concepts linked to relations with civil society, staff management, remuneration and training policy, respect for trade union law, and health and safety in the workplace.

Finally, these 3 ratings are combined to create an ESG rating on the basis of which the companies are ranked.

The securities are assigned a rating from 0 to 10. Each security is assigned to one of the 30 ESG sectors established by the Management Company from an initial universe comprising 600 European securities of all market capitalisations that are tracked by our financial analysts.

These 30 ESG sectors place issuers in uniform groups, for which a weighting of the E, S, and G pillars is determined based on comprehensive studies by the analysts, under the responsibility of the global ESG research manager. So that this makes sense, ESG ratings = X% of the E rating + Y% of the S rating + Z% of the G rating will be constructed from the X, Y and Z coefficients specific to each sector. By way of example, financial sectors are characterised by a very heavy weight accorded to governance (G): up to 60% whereas, in sectors with a high environment impact, E can weigh up to 50% of the total rating. The weighting of these X, Y, and Z coefficients reflects our knowledge of the different business sectors and their respective ESG impact. It is the result of work leveraging both our internal research resources and academic research.

Establishing the SRI universe involves taking account of ESG criteria, and rating and ranking companies per quartile within each sector.

SRI selection will be carried out within the thematic investment universe, supplemented by the diversification portion.

The SRI filter involves investing without restriction in securities categorised in the 1st, 2nd, and 3rd quartiles. Securities categorised in the 4th quartile are excluded. We consider that businesses that meet all these criteria conduct their activities with a long-term development approach.

The ratings of the SRI universe of the HSBC Responsible Investment Funds - Europe Equity Green Transition sub-fund are updated on a monthly basis,

The sub-fund's portfolio must be brought in line with any changes to quartiles resulting from updated ratings within a period of two weeks following the provision of the new SRI universe and at the latest before the end of each calendar month. Exceptionally, however, this period may be extended by three additional months, at the manager’s discretion, for companies classified in the fourth quartile.

The sub-fund may invest up to 10% of its assets in securities not rated in accordance with Environmental, Social, and Governance criteria. Unrated securities are those for which our ESG contributor does not supply the data required for calculating the E, S, and G ratings and the combined rating.

4) Determination of the final portfolio

This stage involves analysing the securities within the filtered universe using fundamental financial analysis. Investment decisions are based on analysis of the fundamentals and valuations.

The code of transparency applicable to the sub-fund HSBC Responsible Investment Funds - Europe Equity Green Transition, is publicly available on the following website: www.assetmanagement.hsbc.com and provides detailed information on the ‘energy transition’ thematic approach and the incorporation of ESG criteria by the sub-fund. This information is also available in its annual report.

Information on social and environmental criteria and quality of governance in this sub-fund’s investment strategy are available on the HSBC Global Asset Management website: (www.assetmanagement.hsbc.com/fr).

The management company’s policy regarding voting rights is compliant with the policy filed with the AMF and available on our website (www.assetmanagement.hsbc.com/fr).(www.assetmanagement.hsbc.com/fr).

▶ Instruments used:

Equities:

The sub-fund permanently invests at least 90% of the its assets in equities of companies of countries of the European Union, United-Kingdom and the European Free Trade Association (EFTA), of all capitalisation sizes. Emerging European markets may be represented up to 10% maximum of the net assets.

Market exposure of European equities comprises between a minimum of 90% to 100% of the net assets.

Currency fluctuation resulting from investment of shares issued in European currencies other than the euro shall not be hedged. The portfolio's exposure to forex risk may exceed 100% of its assets.

Debt securities and money market instruments:

The sub-fund may hold up to of 10% of fixed-rate bonds, floating rate notes, and inflation-indexed bonds, short-term and marketable securities and covered bonds whose rating shall be equal to a A1/P1 (short-term Standard & Poor's rating or equivalent and/or long-term equivalent) and which are listed on European markets, to optimize sub-fund earnings, help achieve the management objective and manage cash and certificates.

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 purchase or sell.

Duration: no constraint is imposed on the duration of the securities chosen individually.

Allocation of public/private debt: this can include both public and private debt.

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

To help achieve the management objective and for cash management.

- ☑ UCITS under French or European law:
- ☑ French retail investment funds or foreign alternate investment funds;
- ☐ Other investment funds: Trackers - ETF (Exchange Traded Funds: listed index entities).

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

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 intervene:

- ☑ action taken for hedging and/or exposure purposes;
- ☐ fixed income;
- ☐ exchange rates;
- ☐ credit;
- ☐ other risk (to be specified).

Type of investments, all transactions are to be limited to the fulfilment of the management objective:

☑ hedging;

☑ exposure;

☐ arbitrage;

☐ other (to be stipulated).

Deposits

By reference to the Monetary and Financial Code, deposits contribute to the fulfilment of the sub-fund management objective by allowing for cash management.

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

Cash loans

Exceptionally, the manager can borrow cash up to an amount equal to 10% of the assets in order to make an investment in anticipation of a market rise or, on a more temporary basis, for significant redemptions.

Temporary purchases and sales of securities

The sub-fund may not carry out any temporary security acquisition and disposal transactions.

▶ **Risk profile:**

Main risks:

- Risk of capital losses: There is a risk that the capital initially invested will not be returned in full.

- Discretionary management risk: The discretionary management style of the sub-fund relies upon anticipating developments in different markets and securities. There is a risk that the sub-fund will not always be invested in the highest performing markets and securities.

- Equity risk: The sub-fund is subject to the risk of fluctuation of the markets in which it is invested. The NAV may fluctuate up or down, depending on changes in the equity market. As the exposure of the sub-fund to highly volatile equity markets comprises between a minimum of 90% to 100%, the sub-fund NAV may decline significantly. Investors are reminded that small-cap markets are intended for companies that, due to their low capitalisation, may fluctuate and cause the value of the sub-fund's investments to fall. Investment in small and mid-cap companies can result in larger and faster declines in the value of the fund.

- Currency fluctuation: The sub-fund may be exposed to currency fluctuation for investments in equities issued in currencies other than the euro, the reference currency of the sub-fund. In case of unfavourable variations in the euro against other currencies, the sub-fund NAV may decline.

Ancillary risks:

- Interest rate risk: Interest rate risk is the risk incurred by the holder or a receivable or debt as a result of subsequent changes in interest rates. The sub-fund's NAV is liable to move in the opposite direction to the interest rates in question.

- Credit risk: The sub-fund is exposed to credit risk, which is the risk that a debt attached to a counterparty is not redeemed or that the counterparty's rating is downgraded (change in the rating to a lower rating) and therefore loses part 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 purchase or sell.

- Liquidity risk: Some markets on which the sub-fund trades may occasionally be affected by a lack of liquidity. This may impact the price conditions in which the sub-fund values, initiates, modifies, or liquidates its positions.

- Risk associated with investing in emerging countries: Some ancillary investments made in emerging countries may also present a greater risk that those made in developed countries.

The list of risk factors highlighted above is not exhaustive. Investors are responsible for analysing the risk inherent in such an investment and to form their own opinion independently of the HSBC Group if necessary with the support of advisors specialising in these matters in order to ensure that this investment corresponds to their financial situation.

▶ Guarantee or protection:

None

▶ Subscribers concerned and standard 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)

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

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

The sub-fund is intended for investors seeking profitable exposure to equity markets of European companies innovating in the realm of energy transition and offering solutions to the challenges of climate change.

This sub-fund may be subscribed the context of an equity savings plan.

The minimum recommended investment period is 5 years.

The proportion of the portfolio that an investor can effectively invest in this sub-fund depends on individual factors such as the amount invested, his or her aversion to risk, investment horizon, etc.

Shareholders are therefore invited to contact their client relations adviser or usual adviser if they wish to make an analysis of their personal situation. This analysis may, depending on the case, be billed by his or her advisor and shall no in no way be borne by the sub-fund or the management company.

In any event, investors are strongly recommended to diversify their investments sufficiently so as not to expose themselves solely to the risks of this sub-fund.

▶ Calculation and allocation of distributable amounts:

In accordance with regulatory provisions, net earnings for the financial year equals the amount of interest, arrears, dividends, premiums, bonuses, and directors' fees, as well as all income relating to securities that constitute the sub-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 earnings plus retained earnings, plus or minus the balance of accrued income;

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

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

Distributable amounts	Shares AC, IC, ZC, and BC	Shares AD and ID	Shares K C-D
Net earnings (1)	Accumulation	Distribution	Accumulation and/or distribution, on the management company's decision each year.
Net capital gains (2)	Accumulation	Accumulation and/or distribution, on the management company's decision each year.	Accumulation and/or distribution, on the management company's decision each year.

Distribution frequency:

For AD, ID and K C-D shares, annual distribution on the decision of the management company if the accounting income of the sub-fund allow it.

Characteristics of the shares:

Shares are denominated in euros.

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

Initial NAV of the merged mutual fund:

AC and AD shares: €100

IC shares: €10,000

ID shares: €10,000[1]

K C-D 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 is one share)

Actions ID : €100,000

Shares K C-D: €1,000,000

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

ZC shares: One thousandth of a share

BC shares: 1 thousandth of a share

The change from one category of shares to another or from one sub-fund to another is considered a disposal and thus likely to be taxable.

Subscription and redemption modalities:

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 + 1 business day	D + 1 business day	D + 1 business 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	Redemption settlement

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

Subscription and redemption requests are transmitted every day at noon, Paris time. They are executed on the basis of the NAV calculated on the day's closing prices.

Subscription and redemption requests after 12:00 noon shall be executed on the basis of the NAV calculated on the closing prices of the following business day. Subscription and redemption requests received on a non-trading day will be executed on the basis of the NAV calculated on the closing prices of the first following trading day.

Subscribers are advised to submit instructions to their financial intermediary sufficiently in advance in order to enable it to process them before the 12:00 noon deadline.

Institutions appointed to receive subscriptions and redemptions and responsible for ensuring compliance with the deadline for clearing subscription and redemption orders indicated above:

CACEIS Bank and HSBC France as regards customers for whom they ensure custody and management.

Shareholders should be aware that orders transmitted to marketers other than the institutions mentioned above must take account of the fact that the order centralisation deadline applies to said marketers with regard to CACEIS Bank. Accordingly, these marketers may apply their own deadline, prior to the deadline mentioned above, in order to take their time for transmission of orders to CACEIS Bank into account.

NAV calculation date and frequency:

Valuation occurs daily, with the exception of public holidays as defined by the French Labour Code and days when the Euronext market or the London Stock Exchange are closed or not operating. It is calculated on closing prices.

NAVs may be obtained from the management company at the following address:

HSBC Global Asset Management (France)

75,419 Paris cedex 08

▶ **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. Commissions earned by the sub-fund compensate it for the expenses incurred from investing or divesting the assets entrusted to it. Commissions not earned are returned to the management company, marketer, etc.

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

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

Cases of exemption: Simultaneous redemption/subscription transactions on the basis of the subscription NAV for a zero balance transaction volume on the same sub-fund are made without charge.

Expenses:

Financial management expenses and external administrative fees of the management company cover all expenses billed directly to the sub-fund, with the exception of transaction fees. Transaction costs include intermediation costs (brokerage, trading taxes, etc.) and the transaction commission, if applicable, which may be received by the depositary 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 sub-fund has surpassed its objectives. They are therefore charged to the sub-fund;*
- *transaction commissions billed to the sub-fund;*
- *a share of the income from temporary purchases and sales of securities.*

Should management fees external to the management company be increased 0.10% or less including taxes annually, the shareholders of the sub-fund might be notified any means.

In that event, the management company may not be specifically required to notify shareholders or to offer the optional redemption of their shares without charge.

	Costs billed to the sub-fund	**Base**	**Scale rate**				
			Shares AC and AD:	**Shares IC and ID:**	**Shares K C-D:**	**Shares ZC:**	**Shares BC:**
1	Financial management fees	Daily net assets	Maximum 1.50% including taxes	Maximum 0.75% including taxes	Maximum 0.325% including taxes	None	Maximum 0.75% including taxes
2	Administrative charges external to the management company	Daily net assets	Maximum 0.30% including taxes				

3	Maximum indirect charges (commissions and management fees)	Daily net assets	Insignificant*
4	Transaction commissions	Deduction from each transaction	None
5	Performance commission	Daily net assets	None

** The sub-fund invests less than 20% in investment funds*

Additional information about temporary purchases and sales of securities:

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

Revenue and income generated by temporary purchases and sales of securities are fully earned by the sub-fund, after deducting, depending on the type of transactions, certain direct and indirect operational costs (in particular, the remuneration of any lending agent).

Operational costs and charges relating to these transactions may also be charged to the Management Company and not billed to the sub-fund.

For further information, shareholders are advised to refer to the sub-fund's annual report or to the management report of the Management Company, which will provide further details if the value of these services exceeds 1% of the revenue of the Management Company

Brief description of the intermediary selection procedure:

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. 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 includes the quality of order executions, the rates applied and the financial soundness of each broker or counterparty.

The choice of counterparties and investment firms and service providers of HSBC Global Asset Management (France) is made according to a precise evaluation process intended to guarantee a high-quality service company. This is a key element in the general decision making process which 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 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 establishment

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

- HSBC SRI Global Equity established 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

▶ Management objective:

The sub-fund's management objective is to seek exposure to international equity markets by selecting securities of companies chosen for their good environmental, social, and governance practices and their financial quality. The manager aims to seek the best performance through discretionary management on international equity markets over a recommended investment horizon of at least 5 years.

▶ Benchmark:

The sub-fund HSBC Responsible Investment Funds - SRI Global Equity does not have a benchmark index. There is no benchmark representative of our management philosophy and, therefore, our investment universe.

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

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

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

The MSCI Ltd administrator of the benchmark index is registered in the register of administrators and benchmark indices kept by the ESMA.

Additional information on the benchmark index is accessible via the website of MSCI Limited administrator: http://www.msci.com

The management company has a procedure for monitoring benchmark indices used. It describes the measures to be implemented if substantial modifications are made to an index or these indices cease to be provided.

▶ **Investment strategy:**

The sub-fund is invested with 75% minimum exposure in international equities selected from the markets of developed countries.

The equity selection process, consisting of two independent and successive stages, is based on extra-financial and financial criteria.

1. Extra-financial criteria:

The first stage of the process involves selecting, in accordance with a 'Best in class' approach and pursuant to Environmental, Social, and Governance (ESG) criteria, the best companies within each sector (for example, Energy, and Transport, etc.) Each company will be assigned 4 ratings: an E rating, S rating, G rating, and a combined rating. The first three are provided by external rating agencies, which endeavour to assess the relevant aspects for the sector to which the rated company belongs. The weapons and tobacco industries are automatically excluded, as are companies that have been proven to have breached one of the 10 principles of the United Nations Global Compact or that have at least two suspected breaches.

With regard to Governance, aspects such as the composition and representativeness of the Board of Directors, the diligence and the level of independence of the directors, transparency with regard to the appointment of senior executive staff, the robustness of audit and control procedures, and respect for the rights of minority shareholders are subject to systematic analysis. Assessment of the company's performance in these areas will also, for example, take into consideration the country to which the company belongs, the country in which it is listed and/or the country where it has its registered office. This is because corporate governance practices are very heavily determined by national regulations. However, they will also be evaluated in accordance with international standards like the OECD Guidelines.

Environmental aspects are connected with the nature of the company's activity in its particular sector. Thus, in extractive industries, utilities and aviation, the release of carbon emissions directly associated with the company's activity is of paramount importance: their non-measurement and non-control may represent a major industrial risk and may result in financial penalties and/or major reputational damage. However, in the automotive sector or the electrical equipment manufacturing sector, a company's capacity to invest in the development of products and solutions capable of meeting service expectations shall be assessed, while limiting greenhouse gas emissions during their use phase: hybrid or electric vehicles, intelligent energy efficiency, and regulation systems: 'smart grid'. Finally, certain sectors have only a tenuous direct environmental impact, such as media, and finance, etc.

The third pillar, social, covers concepts linked to relations with civil society, staff management, remuneration and training policy, respect for trade union law, and health and safety in the workplace. The very nature of the company's activity will heavily determine the nature and relative importance of these practices. Thus, in dangerous sectors like construction and mining, prevention of occupational accidents and safety are regarded as priority criteria. On the other hand, in sectors like telecommunications, the fairness of pricing policies applied to customers and data protection are important topics.

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

Stocks are rated from 0 to 10. Each equity is assigned to one of 30 ESG sectors determined by the management company and taken from the MSCI World segmentation to facilitate their inclusion in the segmentations already existing.

These 30 ESG sectors put issuers in groups for which are determined a weighting of the E, S and G pillars based on detailed research produced by analysts under the responsible of the World Head of ESG Research. So that this makes sense, ESG ratings = X% of the E rating + Y% of the S rating + Z% of the G rating will be constructed from the X, Y and Z coefficients specific to each sector. By way of example, financial sectors are characterised by a very heavy weight accorded to governance (G): up to 60% whereas, in sectors with a high environment impact, E can weigh up to

50% of the total rating. The weighting of these X, Y and Z coefficients therefore reflects our knowledge of the various business sectors and their respective ESG impacts. It is the result of work drawing both on our internal research resources and on academic research.

Establishing the SRI universe involves taking account of ESG criteria, and ranking companies per quartile within each sector. The ratings of the SRI universe of the sub-fund HSBC Responsible Investment Funds - SRI Global Equity are updated on a monthly basis.

Equities classified in the fourth quartile are excluded, and it is possible to invest up to 15% maximum of assets in equities classified in the third quartile and without restriction in those classified in the first and second quartiles.

The sub-fund's portfolio must comply with changes in quartiles resulting from changes in ratings within two weeks of dispatch of the new SRI universe and at the latest before the end of each calendar month. Exceptionally, however, this period may be extended by three additional months, at the manager's discretion, for companies classified in the fourth quartile.

The code of transparency applicable to the sub-fund HSBC Responsible Investment Funds - SRI Global Equity, is publicly available on the following website: www.assetmanagement.hsbc.com It 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 reflected in visits to companies in the form of individual meetings and exercising our voting policy, available at the management company's website.

2. Financial criteria:

The second stage is devoted to the financial selection of stocks within the SRI investment universe.

A score is allocated to each of these eligible stocks in the SRI universe in accordance with performance factors. The portfolio is then built by overweighting the securities with the best scores while avoiding a concentration in any one sector, country, or region.

▶ Instruments used:

Equities:

Compartment assets are permanently invested with 75% minimum exposure in international equities.

The sub-fund may invest incidentally in securities of non-OECD developed countries including emerging ones. The sub-fund is generally invested in equities (and similar securities) of large capitalisations but it reserves the right to invest up to 100% of its assets in securities of medium and small capitalisations.

Debt securities and money market instruments:

The manager may invest on a secondary basis in public or private debt instruments with a short-term rating A-1/P-1 (Moody's rating agency) or deemed equivalent by the management company and in term deposits.

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

To help achieve the management objective and for cash management.

☑ UCITS under French or European law:

☐ French retail investment funds or foreign hedge funds;

☐ Other investment funds: Trackers - ETF (Exchange Traded Funds: listed index entities).

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

Derivatives

The management shall not use derivatives.

Exchange rate risk against the euro is not systematically hedged.

Securities with embedded derivatives

The sub-fund does not use instruments which include derivatives.

Deposits

By reference to the Monetary and Financial Code, deposits contribute to the fulfilment of the sub-fund management objective by allowing for cash management.

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

Cash loans

Exceptionally, the sub-fund may be temporarily indebted and have recourse to borrow cash up to an amount equal to 10% of the assets in order to make an investment in anticipation of a market rise or, on a more temporary basis, for significant redemptions.

Temporary purchases and sales of securities

The sub-fund may not carry out any temporary security acquisition and disposal transactions.

The management company's policy in terms of voting rights is in line with the policy available on our website (www.assetmanagement.hsbc.com/fr).

Type of instruments	Uses envisaged	Features	Level of usual use envisaged	Holding range to be observed
Equities or equivalent securities	As portfolio investment and/or exposure	International equities	90-100%	75-100%
Bonds or other debt instruments; Term deposits.	As portfolio investment	Public debt mainly or private debt with a short-term rating A-1/P-1 (Moody's rating agency) or deemed equivalent by the management company	0%	0-10%
Investment funds	As exposure to equity markets	French or foreign UCITS, where appropriate managed by the same management company as the sub-fund or a related company.	0-10 %	0-10%

▶ Risk profile:

This sub-fund is influenced by the fluctuations of international equities markets. It therefore presents a high risk profile.

Main risks:

- Risk of capital losses: There is a risk that the capital initially invested will not be returned in full.

- Discretionary management risk: The discretionary management style of the sub-fund relies upon anticipating developments in different markets and securities. There is a risk that the sub-fund will not always be invested in the highest performing markets and securities. This sub-fund's return is not guaranteed and will depend on the manager's ability to select the best-performing international equity markets and to anticipate their general trend.

- Market risk and equity risk: Market risk is the systematic risk incurred by investors on account of being invested in the markets, as distinct from the risk specific to each security. It is a function of the more or less great correlation between the invested portfolio and the market as a whole. The sub-fund is subject to the risk of fluctuation of the markets in which it is invested.
Equity risk consists in the dependence of the value of securities on the fluctuations of markets. The NAV can decline sharply depending on developments in the international equity markets. Investment in small and medium capitalisations may in particular result in a sharper and faster decline in the sub-fund's value.

- Exchange rate risk: This is the risk of investment currencies falling in relation to the portfolio's reference currency (euro). Currency fluctuations in relation to the euro may bring about a decline in the value of these instruments and consequently a decline in the NAV of the sub-fund. The maximum share of the assets exposed to currency risk is 100%.

Ancillary risks:

- Credit risk: The sub-fund is exposed to credit risk, which is the risk that a debt attached to a counterparty is not redeemed or that the counterparty's rating is downgraded (change in the rating to a lower rating) and therefore loses part 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 purchase or sell.

- Interest rate risk: Interest rate risk is the risk incurred by the holder or a receivable or debt as a result of subsequent changes in interest rates. The sub-fund's NAV is liable to move in the opposite direction to the interest rates in question.

- 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). Management of this risk is described in the 'Conflict of interest policy' developed by the management company and available on its website.

- Risk associated with investing in emerging countries: Investments in emerging countries may also present a greater risk that those made in developed countries.

- Liquidity risk: certain markets on which the sub-fund trades may occasionally be affected by a lack of liquidity. This may impact the price conditions in which the sub-fund values, initiates, modifies, or liquidates its positions.

The risk factors described above are not exhaustive. Investors are responsible for analysing the risk inherent in such an investment and to form their own opinion independently of the HSBC Group if necessary with the support of advisors specialising in these matters in order to ensure that this investment corresponds to their financial situation.

▶ **Guarantee or protection:**

None

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

AC shares: all subscribers

IC shares: open to all subscribers but more specifically intended for institutional investors.

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

JC shares: shares reserved for investment funds and mandates of the HSBC Group.

BC shares: subscriptions for B shares are subject to the existence of a specific remuneration agreement between the subscriber and the distributor or the portfolio manager

IT shares: shares reserved for the ATFfund market, the MTF of the Borsa Italiana.

This product is especially intended for subscribers wishing to invest in companies that meet high sustainable development standards all while retaining a long-term performance objective equivalent to that of international equity funds.

The recommended investment period is greater than five years.

Shareholders are therefore invited to contact their client relations adviser or usual adviser if they wish to make an analysis of their personal situation. This analysis may, depending on the case, be billed by his or her advisor and shall no in no way be borne by the sub-fund or the management company.

In any event, investors are strongly recommended to diversify their investments sufficiently so as not to expose themselves solely to the risks of this sub-fund.

▶ **Calculation and allocation of distributable amounts:**

In accordance with regulatory provisions, net earnings for the financial year equals the amount of interest, arrears, dividends, premiums, bonuses, and directors' fees, as well as all income relating to securities that constitute the sub-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 earnings plus retained earnings, plus or minus the balance of accrued income;

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

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

Distributable amounts	**Shares**
Net earnings (1)	Accumulation
Net capital gains realised (2)	Accumulation

Characteristics of the shares:

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 full shares for IT shares.

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

Initial net asset value of the merged mutual fund for share classes 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 change from one category of shares to another or from one sub-fund to another is considered a disposal and thus likely to be taxable.

Subscription and redemption modalities:

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 + 1 business day	D + 1 business day	D + 1 business 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	Redemption settlement

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

Subscription and redemption requests are transmitted every day at noon, Paris time. They are executed on the basis of the NAV calculated on the day’s closing prices.

Subscription and redemption requests after 12:00 noon shall be executed on the basis of the NAV calculated on the closing prices of the following business day. Subscription and redemption requests received on a non-trading day will be executed on the basis of the NAV calculated on the closing prices of the first following trading day.

Subscribers are advised to submit instructions to their financial intermediary sufficiently in advance in order to enable it to process them before the 12:00 noon deadline.

Subscription and redemption procedures for JC shares:

Day D trading day	Day D trading day	D trading day: the established date of the NAV	D + 1 trading day	D+2 trading days	D+2 trading days
Clearing before 11:00	Clearing before 11:00	Execution of the order at the	Publication of the NAV	Subscription settlement	Redemption settlement

a.m. of subscription orders*	a.m. of redemption orders*	very latest on D			

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

Subscription and redemption requests are cleared every day at 12:00 noon Paris time.

They are executed on the basis of the NAV calculated on the day's closing prices. Subscription and redemption requests after 12:00 noon shall be executed on the basis of the NAV calculated on the closing prices of the following business day.
Subscription and redemption requests received on a non-trading day will be executed on the basis of the NAV calculated on the closing prices of the first following trading day.

Subscription and redemption orders are settled on the second trading day (D+2) following the clearing date.

Subscribers are advised to submit instructions to their financial intermediary sufficiently in advance in order to enable it to process them before the 12:00 noon deadline.

Subscription and redemption of IT shares:

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 + 1 business day	D + 3 business days	D + 3 business days
Centralisation before 11:00 a.m. of subscription orders*	Centralisation before 11:00 a.m. of redemption orders*	Execution of the order at the very latest on D	Publication of the NAV	Subscription settlement	Redemption settlement

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

Subscriptions and redemptions are centralised each day at the latest by 11 a.m. (Paris time). They shall be executed by reference to the sub-fund's NAV as calculated and published on the following business day (D + 1) on the basis of the closing prices on the date of centralisation of requests, hence on D.

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

We recommend that you obtain information on the operating rules issued by that listing market, in accordance with local regulations, or that you contact your regular advisor.

Institutions appointed to receive subscriptions and redemptions and in charge of compliance with the centralisation deadline indicated in the paragraph above:

CACEIS Bank and HSBC France as regards customers for whom they ensure custody and management.

Shareholders should be aware that orders transmitted to marketers other than the institutions mentioned above must take account of the fact that the order centralisation deadline applies to said marketers with regard to CACEIS Bank. Accordingly, these marketers may apply their own deadline, prior to the deadline mentioned above, in order to take their time for transmission of orders to CACEIS Bank into account.

NAV calculation date and frequency:

Daily valuation with the exception of public holidays as defined by the French Labour Code and days when Euronext, Eurex, the Chicago Mercantile Exchange and the London Stock Exchange are closed or not operating. It is calculated on closing prices.

IT shares:

The NAV is calculated daily with the exception of Saturdays, Sundays, statutory holidays in France and dates on which the French markets and the Borsa Italiana are closed.

The share NAV is also supplied by the Borsa Italiana.

NAVs may be obtained from the management company at the following address:

HSBC Global Asset Management (France)

75,419 Paris cedex 08

▶ **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. Commissions earned by the sub-fund compensate it for the expenses incurred from investing or divesting the assets entrusted to it. Commissions not earned are returned to the management company, marketer, etc.

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

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

Cases of exemption: Simultaneous redemption/subscription transactions on the basis of the subscription NAV for a zero balance transaction volume on the same sub-fund are made without charge.

Expenses:

Financial management expenses and external administrative fees of the management company cover all expenses billed directly to the sub-fund, with the exception of transaction fees. Transaction costs include intermediation costs (brokerage, trading taxes, etc.) and the transaction commission, if applicable, which may be received by the depositary 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 sub-fund has surpassed its objectives. Hence the sub-fund is invoiced for them;*

- *transaction commissions billed to the sub-fund;*
- *a share of the income from temporary purchases and sales of securities.*

Should management fees external to the management company be increased 0.10% or less including taxes annually, the shareholders of the sub-fund might be notified any means.

In that event, the management company may not be specifically required to notify shareholders or to offer the optional redemption of their shares without charge.

	Costs billed to the sub-fund	**Base**	**Scale rate**			
			AC shares	**Shares IC, BC and IT**	**JC shares:**	**ZC shares:**
1	Financial management fees	Daily net assets	Maximum 1.50% including taxes	Maximum 0.75% including taxes	Maximum 0.375% including taxes	None
2	Administrative charges external to the management company	Daily net assets	AC, IC, BC, JC, ZC shares: Maximum 0.10% including taxes IT shares: 0.20%			
3	Maximum indirect charges (commissions and management fees)	Daily net assets	Insignificant*			
4	Transaction commissions	Deduction from each transaction	None			
5	Performance commission	Daily net assets	None			

** The sub-fund invests less than 20% in investment funds*

Additional information about temporary purchases and sales of securities:

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

Revenue and income generated by temporary purchases and sales of securities are fully earned by the sub-fund, after deducting, depending on the type of transactions, certain direct and indirect operational costs (in particular, the remuneration of any lending agent).

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 any additional information, shareholders are invited to consult the annual report or the management report of the management company, which includes additional details if the value of these services exceeds 1% of the sales of the management company.

Brief description of the intermediary selection procedure:

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. 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 includes the quality of order executions, the rates applied and the financial soundness of each broker or counterparty.

The choice of counterparties and investment firms and service providers of HSBC Global Asset Management (France) is made according to a precise evaluation process intended to guarantee a high-quality service company. This is a key element in the general decision making process which 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 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 establishment**

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

- HSBC SRI Euroland Equity established 29 December 1995

▶ **ISIN codes:**

AC shares: FR00000437113

IC shares: FR0010250316

ZC shares: FR0010250324

BC shares: FR0013287257

IT shares: FR0013234960

▶ **Classification:**

Equities from eurozone countries

▶ **Management objective:**

The management objective of the sub-fund HSBC Responsible Investment Funds - SRI Euroland Equity is to maximise performance over a recommended investment horizon of 5 years by investing in the securities of companies chosen for their good environmental, social, and governance practices and the financial quality.

▶ **Benchmark:**

The sub-fund HSBC Responsible Investment Funds - SRI Euroland Equity does not have a benchmark index.

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

For your information, the sub-fund may be compared with broad indices representative of the eurozone equity markets, such as the MSCI EMU (NR), which does not define the investment universe restrictively but which solely makes it possible to assess the market performance of eurozone stocks.

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

The benchmark's administrator MSCI Limited is on the Register of administrators and benchmarks published by the ESMA.

Additional information on the benchmark index is accessible via the website of MSCI Limited administrator: http ://www.msci.com

The management company has a procedure for monitoring benchmark indices used. It describes the measures to be implemented if substantial modifications are made to an index or these indices cease to be provided.

▶ **Investment strategy:**

HSBC Responsible Investment Funds - SRI Euroland Equity is invested in eurozone equities. These companies are selected by reference to ESG criteria as well as traditional economic and financial criteria. We consider that businesses that meet all these criteria conduct their business activity with a long-term development approach.

The stock selection process, consisting of two independent and successive stages, is based on extra-financial and financial criteria:

1. Extra-financial criteria:

The first stage of the process involves selecting, in accordance with a 'Best in class' approach and pursuant to Environmental, Social, and Governance (ESG) criteria, the best companies within each sector (for example, Energy, and Transport, etc.) Each company will be assigned 4 ratings: an E rating, S rating, G rating, and a combined rating. The first three are provided by external rating agencies, which endeavour to assess the relevant aspects for the sector to which the rated company belongs. The weapons and tobacco industries are automatically excluded, as are companies that have been proven to have breached one of the 10 principles of the United Nations Global Compact or that have at least two suspected breaches.

With regard to Governance, aspects such as the composition and representativeness of the Board of Directors, the diligence and the level of independence of the directors, transparency with regard to the appointment of senior executive staff, the robustness of audit and control procedures and respect for the rights of minority shareholders are subject to systematic analysis. Assessment of the company's performance in these areas will also, for example, take into consideration the country to which the company belongs, the country in which it is listed and/or the country where it has its registered office. This is because corporate governance practices are very heavily determined by national regulations. However, they will also be evaluated in accordance with international standards like the OECD Guidelines.

Environmental aspects are connected with the nature of the company's activity in its particular sector. Thus, in extractive industries, utilities and aviation, the release of carbon emissions directly associated with the company's activity is of paramount importance: their non-measurement and non-control may represent a major industrial risk and may result in financial penalties and/or major reputational damage. However, in the automotive sector or the electrical equipment manufacturing sector, a company's capacity to invest in the development of products and solutions capable of meeting service expectations shall be assessed, while limiting greenhouse gas emissions during their use phase: hybrid or electric vehicles, intelligent energy efficiency, and regulation systems: 'smart grid'. Finally, certain sectors have only a tenuous direct environmental impact, such as media, and finance, etc.

The third pillar, social, covers concepts linked to relations with civil society, staff management, remuneration and training policy, respect for trade union law, and health and safety in the workplace. The very nature of the company's activity will heavily determine the nature and relative importance of these practices. Thus, in dangerous sectors like construction and mining, prevention of occupational accidents and safety are regarded as priority criteria. On the other hand, in sectors like telecommunications, the fairness of pricing policies applied to customers and data protection are important topics.

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

Equities are rated from 0 to 10. Each security is associated with one of 30 ESG sectors which were determined by the management company based on an initial universe composed of 400 large and medium capitalisations from the eurozone which are monitored by our financial analysts.

These 30 ESG sectors put issuers in groups for which are determined a weighting of the E, S and G pillars based on detailed research produced by analysts under the responsible of the World Head of ESG Research. So that this makes sense, ESG ratings = X% of the E rating + Y% of the S rating + Z% of the G rating will be constructed from the X, Y and Z coefficients specific to each sector. By way of example, financial sectors are characterised by a very heavy weight accorded to governance (G): up to 60% whereas, in sectors with a high environment impact, E can weigh up to 50% of the total rating. The weighting of these X, Y and Z coefficients therefore reflects our knowledge of the various business sectors and their respective ESG impacts. It is the result of work drawing both on our internal research resources and on academic research.

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

Securities categorised in the 4th quartile are excluded. A maximum of 15% of net assets may be invested in the 3rd quartile and there are no investment restrictions for securities categorised in the 1st and 2nd quartiles.

The sub-fund's portfolio must be brought into line with changes in quartiles resulting from changes in ratings within two weeks of dispatch of the new SRI universe and at the latest before the end of each calendar month. Exceptionally, however, this period may be extended by a further three months, at the manager's discretion, for companies classified in the fourth quartile.

The code of transparency applicable to the sub-fund HSBC Responsible Investment Funds - SRI Euroland Equity, is publicly available on the following website: www.assetmanagement.hsbc.com 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 reflected in visits to companies in the form of individual meetings and exercising our voting policy, available at the management company's website.

2. Financial criteria:

The second stage is devoted to the selection of equities within this universe using purely financial criteria.

The strategy consists of looking for shares of companies whose current valuation does not reflect the structural profitability they are likely to generate under normal conditions. Investment decisions are based on analysis of fundamentals and valuations.

Exposure to foreign exchange shall not exceed 10% of assets.

▶ **Instruments used:**

Equities:

The portfolio's net assets shall be permanently invested with 75% minimum exposure in the equities market.

The portfolio shall be invested in equities of eurozone countries, of all capitalisation sizes, selected by reference to ESG criteria.

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

The management company's policy in terms of voting rights is in line with the policy filed with the AMF and available on our website (www.assetmanagement.hsbc.com/fr).

Debt securities and money market instruments:

The sub-fund invests in debt securities and money market instruments, within an intended utilisation range of between 0%-25%, whose A1/P1 ratings (Standard & Poor's short-term rating or equivalent or considered 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 purchase or sell.

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

To help achieve the management objective and for cash management.

☑ UCITS under French or European law:

☑ Bond, short-term money market, or diversified French RIFs;

☑ Other investment funds: Trackers - ETF (Exchange Traded Funds: listed index entities).

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

Derivatives

Type of markets involved:

☑ regulated;

☑ organised;

☑ over-the-counter.

Risks in which the manager wishes to intervene for hedging, exposure or portfolio arbitrage purposes:

☑ equity;

☐ interest rates;

☑ forex;

☐ credit;

☐ other risks (to be specified).

Type of involvement, all transactions must be limited to the fulfilment of the management objective.

☑ hedging;

☑ exposure: Through the use of derivatives, it may be overexposed to equity risk, in overall terms, by 100%, bringing the sub-fund's overall exposure to 200%. The derivatives that are used might be call/put options on socially responsible equities.

☐ arbitrage;

☐ other (to be stipulated).

Type 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 shall not use Total Return Swaps (TRS).

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

☑ general hedging of the portfolio, certain risks, securities, etc.;

☑ reconstitution of synthetic exposure to assets (equities and exchange rates) and risks (equities and exchange rates);

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

☐ other strategy (to be specified).

Counterparties eligible for transactions on OTC financial futures are selected according to the procedure described in the paragraph: “Brief description of the intermediary selection procedure”.

Financial collateral put in place for OTC financial futures is the subject of a financial collateral policy available on the management company’s website.

These transactions may be carried out with counterparties selected by the management company among financial institutions that have their registered office in an OECD member country. These counterparties may be companies linked to the HSBC Group.

These counterparties must of good credit quality and in all cases the minimum rating is BBB- on Standard & Poor's scale or equivalent, or have a rating deemed to be equivalent by the management company.

This financial collateral policy specifies:

- The haircut applicable to financial collateral. It depends on the security's volatility, 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/medium negotiable securities and bonds issued by private issuers.

Financial collateral other than cash may not be sold, reinvested, or pledged. Bond securities must have maximum maturity of 50 years.

Financial collateral consisting of cash must be:

- deposited with credit institutions whose registered office is located in an OECD member State or a third party State having equivalent prudential rules,
- invested in high-quality government bonds;
- invested in reverse repurchase agreements in which the counterparty is a credit institution subject to prudential supervision and for which the sub-fund may recall the cash at any time;
- invested in short-term money market undertakings for collective investment.

Financial collateral composed of securities and/or cash is kept in segregated accounts by the depositary.

Securities embedded with 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 intervene:

☑ action taken for hedging and/or exposure purposes;

☐ interest rates;

☐ forex;

☐ credit;

☐ other risk (to be specified).

Type of interventions, all transactions are to be limited to the fulfilment of the management objective:

☑ hedging;

☑ exposure;

☐ arbitrage;

☐ other (to be stipulated).

Deposits

By reference to the Monetary and Financial Code, deposits contribute to the fulfilment of the sub-fund management objective by allowing for cash management.

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

Cash loans

Exceptionally, the manager can borrow cash up to an amount equal to 10% of the assets in order to make an investment in anticipation of a market rise or, on a more temporary basis, for significant redemptions.

Temporary purchases and sales of securities

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

Types of transactions used:

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

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

☐ other (to be stipulated).

Type of involvement, all transactions must be limited to the fulfilment of the management objective:

Temporary purchases and sales of securities are carried out for the sake of achieving the management objective and in search of the best interest of the sub-fund. Only bonds can be subject to temporary purchase and sale transactions.

☑ cash management;

☑ optimising sub-fund income;

☐ potential contribution to capital leverage of the sub-fund;

☐ other (to be stipulated).

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 carried out with counterparties selected by the management company among financial institutions that have their registered office in an OECD member country. These counterparties may be companies linked to the HSBC Group.

These counterparties must of good credit quality and in all cases the minimum rating is BBB- on Standard & Poor's scale or equivalent, or have a rating deemed to be equivalent by the management company.

The counterparties used and the financial collateral put in place for 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 planned: up to 10%

Potential leverage: for the optimisation of dividends

Remuneration: see additional information in the Charges and Commissions section.

▶ **Risk profile:**

Main risks:

- Risk of capital losses: There is a risk that the capital initially invested will not be returned in full.

- Discretionary management risk: The discretionary management style of the sub-fund relies upon anticipating developments in different markets and securities. There is a risk that the sub-fund will not always be invested in the highest performing markets and securities.

- Equity risk: the sub-fund is exposed to equity risk through investment fund securities, units, or equities and/or financial instruments. The sub-fund is exposed to equity risk through the countries in the eurozone and the different capitalisation types.
Equity risk consists in the dependence of the value of securities on the fluctuations of markets. In the event of a fall in the equity markets, the sub-fund's NAV may fall more significantly than those markets.
Through the use of derivatives, it may be overexposed to equity risk, in overall terms, by 100%, bringing the sub-fund's overall exposure to 200%.

Ancillary risks:

- Foreign exchange risk: the sub-fund is exposed to forex risk by purchasing securities denominated in a currency other than the euro and not hedged against forex risk. Exchange rate risk is the risk of investment currencies falling in relation to the portfolio's reference currency (euro). The fluctuation in currencies in relation to the euro may bring about a decline in the value of these instruments and accordingly a decline in the NAV of the sub-fund. The maximum share of the assets exposed to currency risk is 10%.

- Liquidity risk: the markets in which the sub-fund participates may be occasionally and temporarily affected by a lack of liquidity in certain circumstances or market configurations. These market disruptions can impact the price conditions in which the sub-fund may need to liquidate, initiate, or change positions and may therefore negatively impact the sub-fund's NAV

- Risk associated with investments in futures markets: the sub-fund may invest in financial futures within the limit of its asset value. This exposure to markets, assets and indices through financial futures may lead to variations in the NAV, particularly to falls in value that are significantly more pronounced or more rapid than the variation observed in the elements underlying these instruments.

- Counterparty risk: The sub-fund 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 entered into will not meet its commitments (delivery, payment, repayment, etc.).

In that event, the counterparty's failure could lead to a decline in the sub-fund's NAV. This risk is reduced by the establishment of financial collateral between the sub-fund and the counterparty, as described in the Investment Strategy.

- Interest rate risk: The price of fixed-rate bonds and other fixed-income products fluctuates in an opposite direction from that of interest rates. For example, in the event of an increase in interest rates, the value of these bonds will fall.

- 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). Management of this risk is described in the 'Conflict of interest policy' developed by the management company and available on its website.

- Risk associated with financial collateral management: The shareholder may be exposed to a legal risk (associated with legal documents, application of the contracts and their limits), an operational risk, and the risk linked to the reuse of cash received as collateral, as the sub-fund NAV can fluctuate according to the fluctuation in the value of the securities acquired by investing the cash received as collateral. In exceptional market circumstances, the shareholder may also be exposed to a liquidity risk, leading to difficulties to trade certain securities, for example.

The list of risk factors highlighted above is not exhaustive. Investors are responsible for analysing the risk inherent in such an investment and to form their own opinion independently of the HSBC Group if necessary with the support of advisors specialising in these matters in order to ensure that this investment corresponds to their financial situation.

▶ **Guarantee or protection:**

None

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

AC shares: all subscribers

IC shares: all subscribers, but especially institutional investors

ZC shares: shares reserved for investment funds and mandates of HSBC Global Asset Management (France), excluding company employee savings schemes and feeder hedge funds.

BC shares: subscriptions for BC shares are subject to the existence of a specific remuneration agreement between the subscriber and the distributor or the portfolio manager

IT shares: reserved for the ATFund market, an MTF with the Borsa Italiana

This product is directed more specifically to subscribers who wish to choose a product invested in companies that meet high Sustainable Development standards, while at the same retaining, in the long term, a performance objective equivalent to that of traditional equity funds.

The minimum recommended investment period is 5 years.

Shareholders are therefore invited to contact their client relations adviser or usual adviser if they wish to make an analysis of their personal situation. This analysis may, depending on the case, be billed by his or her advisor and shall no in no way be borne by the sub-fund or the management company.

In any event, investors are strongly recommended to diversify their investments sufficiently so as not to expose themselves solely to the risks of this sub-fund.

▶ **Calculation and allocation of distributable amounts:**

In accordance with regulatory provisions, net earnings for the financial year equals the amount of interest, arrears, dividends, premiums, bonuses, and directors' fees, as well as all income relating to securities that constitute the sub-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 earnings plus retained earnings, plus or minus the balance of accrued income;

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

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

Distributable amounts	Shares
Net earnings (1)	Accumulation
Net capital gains (2)	Accumulation

Characteristics of the shares:

The shares are denominated in euros.

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

For IT shares, subscriptions and redemptions shall be made exclusively in full shares and the minimum subscription amount shall be 1 share. Subscriptions and redemptions in amounts of money are not permitted.

Initial NAV of the merged mutual fund:

AC shares: €15.24

IC shares: 100 euros

ZC shares: 100 euros

BC shares: 1,000 euros

IT shares: €10

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.

The change from one category of shares to another or from one sub-fund to another is considered a disposal and thus likely to be taxable.

Subscription and redemption modalities:

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 + 1 business day	D + 1 business day	D + 1 business 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	Redemption settlement

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

Subscription and redemption requests are transmitted every day at noon, Paris time. They are executed on the basis of the NAV calculated on the day's closing prices.

Subscription and redemption requests after 12:00 noon shall be executed on the basis of the NAV calculated on the closing prices of the following business day. Subscription and redemption requests received on a non-trading day will be executed on the basis of the NAV calculated on the closing prices of the first following trading day.

Subscribers are invited to send their instructions to their financial intermediaries sufficiently in advance to allow them to be transmitted before the 12:00 noon deadline.

Subscription and redemption of IT shares:

Day D trading day	Day D trading day	D trading day: the established date of the NAV	D + 1 business day	D + 3 business days	D + 3 business days
Centralisation before 11:00 a.m. of subscription orders*	Centralisation before 11:00 a.m. of redemption orders*	Execution of the order at the very latest on D	Publication of the NAV	Subscription settlement	Redemption settlement

Orders are executed in accordance with the table below:

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

Subscriptions and redemptions are centralised each day at the latest by 11 a.m. (Paris time). They shall be executed by reference to the sub-fund's NAV as calculated and published on the following business day on the basis of the closing prices on the date of centralisation of requests.

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

We recommend that you obtain information on the operating rules issued by that listing market, in accordance with local regulations, or that you contact your regular advisor.

<u>Technical clearing:</u> for the feeder alternate investment funds (AIF) (only) of the sub-fund HSBC Responsible Investment Funds - SRI Euroland Equity, the subscription and redemption clearing time is set at 12:30 p.m. (Paris time).

Institutions appointed to receive subscriptions and redemptions and responsible for ensuring compliance with the deadline for clearing subscription and redemption orders indicated above:

CACEIS Bank and HSBC France as regards customers for whom they ensure custody and management.

Shareholders should be aware that orders transmitted to marketers other than the institutions mentioned above must take account of the fact that the order centralisation deadline applies to said marketers with regard to CACEIS Bank. Accordingly, these marketers may apply their own deadline, prior to the deadline mentioned above, in order to take their time for transmission of orders to CACEIS Bank into account.

NAV calculation date and frequency:

Valuation occurs daily except Saturdays, Sundays, legal holidays in France and days that the French market is closed. It is calculated on closing prices.

IT shares:

The NAV is calculated daily with the exception of Saturdays, Sundays, statutory holidays in France and dates on which the French markets and the Italian stock exchange are closed. The NAV of the share is also supplied by the Borsa Italiana.

NAVs may be obtained from the management company at the following address:

HSBC Global Asset Management (France)

75,419 Paris cedex 08

▶ **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. Commissions earned by the sub-fund compensate it for the expenses incurred from investing or divesting the assets entrusted to it. Commissions not earned are returned to the management company, marketer, etc.

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

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

Cases of exemption: Simultaneous redemption/subscription transactions on the basis of the subscription NAV for a zero balance transaction volume on the same sub-fund are made without charge.

Expenses:

Financial management expenses and external administrative fees of the management company cover all expenses billed directly to the sub-fund, with the exception of transaction fees. Transaction costs include intermediation costs (brokerage, trading taxes, etc.) and the transaction commission, if applicable, which may be received by the depositary 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 sub-fund has surpassed its objectives. They are therefore charged to the sub-fund;
- activity commissions billed to the sub-fund;
- a share of the income from temporary purchases and sales of securities.

Should management fees external to the management company be increased 0.10% or less including taxes annually, the shareholders of the sub-fund might be notified any means.

In that event, the management company may not be specifically required to notify shareholders or to offer the optional redemption of their shares without charge.

	Costs billed to the sub-fund	Base	Scale rate				
			AC shares:	**IC shares:**	**ZC shares:**	**BC shares:**	**IT shares:**
1	Financial management fees	Daily net assets	Maximum 1.50% including taxes	Maximum 0.75% including taxes	None	Maximum 0.75% including taxes	Maximum 0.75% including taxes
2	Administrative charges external to the management company	Daily net assets	Maximum 0.10% including taxes				Maximum 0.20 % including taxes
3	Maximum indirect charges (commissions and management fees)	Daily net assets	Insignificant*				
4	Transaction commissions	Deduction from each transaction	None				
5	Performance commission	Daily net assets	None				

** The sub-fund invests less than 20% in investment funds*

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

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

Revenue and income generated by temporary purchases and sales of securities are fully earned by the sub-fund, after deducting, depending on the type of transactions, certain direct and indirect operational costs (in particular, the remuneration of any lending agent).

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 any additional information, shareholders are invited to consult the annual report or the management report of the management company, which includes additional details if the value of these services exceeds 1% of the sales of the management company.

<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. 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 includes the quality of order executions, the rates applied and the financial soundness of each broker or counterparty.

The choice of counterparties and investment firms and service providers of HSBC Global Asset Management (France) is made according to a precise evaluation process intended to guarantee a high-quality service company. This is a key element in the general decision making process which 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 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 establishment**

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

- HSBC SRI Euro Bond established 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

▶ **Management objective:**

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

▶ **Benchmark:**

This sub-fund has no benchmark.

The Bloomberg Barclays Capital Euro Aggregate 500 MM index may, however, be used indicatively. Hence this sub-fund is actively managed, meaning that its performance and risk profile may be different from those of the index. As such, the index referred to above only serves as a point of comparison with the performance of the sub-fund.

<u>Bloomberg Barclays Capital Euro Aggregate 500 MM:</u>

This index comprises all fixed rate issues denominated in euros, with a residual maturity of more than 1 year at the time of rebalancing, with at least €500 million in outstandings and with an "Investment" rating.

At the date of the last update of this prospectus, the administrator of the benchmark index has not yet been registered in the register of administrators and benchmark indices kept by the ESMA.

Additional information on the benchmark index is accessible via the website of the Bloomberg Barclays administrator:

https://www.bloomberg.com/professional/product/indices/bloomberg-barclays-indices/#/.

The Management Company has a benchmark index tracking procedure describing the measures to be implemented in the event of material amendments to an index or the discontinuation of this index.

▶ **Investment strategy:**

The sub-fund shall invest in bonds and debt securities from a bond universe that meets socially responsible ESG criteria.
The equity selection process, consisting of two independent and successive stages, is based on extra-financial and financial criteria.

1. <u>Extra-financial criteria:</u>

The first stage of the process involves selecting, in accordance with a 'Best in class' approach and pursuant to Environmental, Social, and Governance (ESG) criteria, the best issues of public or private listed companies within each sector (for example, Energy, and Transport, etc.) Each issue will be assigned 4 ratings: an E rating, S rating, G rating, and a combined rating. The first three are provided by external rating agencies, which endeavour to assess the relevant aspects for the sector to which the rated company belongs. The weapons and tobacco industries are automatically excluded, as are companies that have been proven to have breached one of the 10 principles of the United Nations Global Compact or that have at least two suspected breaches.

With regard to Governance, aspects such as the composition and representativeness of the Board of Directors, the diligence and the level of independence of the directors, transparency with regard to the appointment of senior executive staff, the robustness of audit and control procedures and respect for the rights of minority shareholders are subject to systematic analysis. Assessment of the company's performance in these areas will also, for example, take into consideration the country to which the company belongs, the country in which it is listed and/or the country where it has its registered office. This is because corporate governance practices are very heavily determined by national regulations. However, they will also be evaluated in accordance with international standards like the OECD Guidelines.

Environmental aspects are connected with the nature of the company's activity in its particular sector. Thus, in extractive industries, utilities and aviation, the release of carbon emissions directly associated with the company's activity is of paramount importance: their non-measurement and non-control may represent a major industrial risk and may result in financial penalties and/or major reputational damage. However, in the automotive sector or the electrical equipment manufacturing sector, a company's capacity to invest in the development of products and solutions capable of meeting service expectations shall be assessed, while limiting greenhouse gas emissions during their use phase: hybrid or electric vehicles, intelligent energy efficiency, and regulation systems: 'smart grid'. Finally, certain sectors have only a tenuous direct environmental impact, such as media, and finance, etc.

The third pillar, social, covers concepts linked to relations with civil society, staff management, remuneration and training policy, respect for trade union law, and health and safety in the workplace. The very nature of the company's activity will heavily determine the nature and relative importance of these practices. Thus, in dangerous sectors like construction and mining, prevention of occupational accidents and safety are regarded as priority criteria. On the other hand, in sectors like telecommunications, the fairness of pricing policies applied to customers and data protection are important topics.

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

Equities are rated from 0 to 10. Each equity is assigned to one of 30 ESG sectors determined by the management company and taken from the Barclays Euro Aggregate 500MM segmentation to facilitate their inclusion in the segmentations already existing.

These 30 ESG sectors put issuers in groups for which are determined a weighting of the E, S and G pillars based on detailed research produced by analysts under the responsible of the World Head of ESG Research. So that this makes sense, ESG ratings = X% of the E rating + Y% of the S rating + Z% of the G rating will be constructed from the X, Y and Z coefficients specific to each sector. By way of example, financial sectors are characterised by a very heavy weight accorded to governance (G): up to 60% whereas, in sectors with a high environment impact, E can weigh up to 50% of the total rating. The weighting of these X, Y and Z coefficients therefore reflects our knowledge of the various business sectors and their respective ESG impacts. It is the result of work drawing both on our internal research resources and on academic research.

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

Securities classified in the fourth quartile are excluded, and it is possible to invest a maximum of 10% of net assets classified in the third quartile, from a maximum of eight issuers, and without restriction in those classified in the first and second quartiles.

Regarding the thirty-first sector ("default sector"), quartile segmentation is irrelevant. Consequently, issuers whose ratings are less than 5 out of 10 are excluded.

The sub-fund's portfolio must be brought into line with changes in quartiles resulting from changes in ratings within two weeks of dispatch of the new SRI universe and at the latest before the end of each calendar month. Exceptionally, however, this period may be extended by a further three months, at the manager's discretion, for companies classified in the fourth quartile.

The code of transparency applicable to the sub-fund HSBC Responsible Investment Funds - SRI Euro Bond, is publicly available on the following website: www.assetmanagement.hsbc.com It 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 reflected in visits to companies in the form of individual meetings and exercising our voting policy, available at the management company's website.

The sub-fund may hold up to 10% of its assets in securities that are unrated under ESG criteria.

2. <u>Financial criteria</u>

The management will benefit from the following sources of performance:

- 1- *active management of interest rate risk,* which is divided into sensitivity management and curve strategy. The overall sensitivity of the sub-fund and the curve strategy are decided upon according to the market predictions of the management team concerning respectively the development of interests rates (in the event of an increase in interest rates, the value of fixed-rate bonds drops) and the deformation of the yield curve (exposure to particular points of the curve in order to take advantage of the flattening, steepening or curvature of the yield curve).

- 2- *active management of credit risk*, which constitutes a credit allocation: this allocation between governmental and non-governmental issuers is based on an analysis of the relative value of the non-governmental securities carried out by the management team on the basis of qualitative and quantitative data to value the relative cost of a security: our assessment of the security's value is compared to its market price.

A rigorous selection of issuers on the basis of their risk/return profile, the objective being to minimise the risk to equal return. This selection is based on thorough knowledge of the issuers, related to the expertise of our team of credit analysts:

- Good diversification by sector and issuer (close monitoring of the breakdown of securities by type of asset (corporate bonds, ABS, etc.), sector (underlying the ABS and industries) and rating). The weapons and tobacco industries are automatically excluded, as are companies that have been proven to have breached one of the 10 principles of the United Nations Global Compact or that have at least two suspected breaches.

- The sub-fund's assets are invested in the following types of asset: Fixed-rate bonds and other negotiable debt securities including EMTNs, up to 100% of net assets, with a proposed holding range of between 60% and 100%;

- Variable-rate and/or inflation-indexed bonds, up to 100% of the assets, the intended holding range being between 0% and 25%;

- Securitisation vehicles and mortgage bonds, up to 100% of the assets, the intended holding range being between 0% and 30%.

- Private debt may constitute 100% of assets.

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

The sub-fund mainly invests in issuers with an investment grade rating: issuers rated at least BBB- by Standard & Poor's or equivalent, or considered equivalent by the management company, on acquisition.

The Management Company does not exclusively or automatically use the assessments provided by the credit rating agencies and prioritises its own credit risk analysis to assess asset credit quality and to select securities for purchase or sale.

The manager may also decide to make an investment, of less than 10% of the assets, in UCITS and in ETFs.

The manager may invest in UCI managed by an entity within the HSBC Group.

The sub-fund's tolerance range is 0-10. 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 foreign exchange 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 negotiable debt securities, including EMTNs, up to 100% of net assets, with a proposed holding range of between 60% and 100%;
- Variable-rate and/or inflation-indexed bonds, up to 100% of the assets, the intended holding range being between 0% and 25%;
- Securitisation vehicles and mortgage bonds, up to 100% of the assets, the intended holding range being between 0% and 30%.

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

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

Expected level of credit risk on acquisition: Up to a long-term rating of BBB- or a short-term rating of A-3 by Standard and Poor's or equivalent or considered equivalent by the management company

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

Duration: no constraint is imposed on the duration of the securities chosen individually. The sub-fund's tolerance range is 0-10.

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

To help achieve the management objective and for cash management.

☑ UCITS under French or European law;

☐ French retail investment funds or foreign hedge funds;

☑ Other investment funds: Trackers - ETF (Exchange Traded Funds: investment funds classified as listed index funds).

The manager may invest in UCIs managed by a HSBC Group entity.

Derivatives

Type of markets involved:

☑ regulated;

☑ organised;

☑ over-the-counter.

Risks in which the manager wishes to intervene:

☐ equity;

☑ interest rates;

☑ exchange rates;

☑ credit;

☐ other risks (to be specified).

Type of investments, all transactions are to be limited to the fulfilment of the management objective:

☑ hedging;

☑ exposure;

☑ arbitrage; simultaneous buy and sell positions are taken on various points of the yield curve in order to take advantage of a deformation of the yield curve (flattening, steepening, and curvature) while maintaining the total sensitivity of these positions at 0. Curve arbitrage operations are among the drivers of the sub-fund’s performance.

The intensity of curve arbitrage decisions is measured using the methodology of risk units, which makes it possible to determine, for each portfolio, the anticipated distribution of the ex-ante tracking error by risk factor (duration, curve arbitrage, credit allocation, selection of sector, and selection of security) and the average size of active exposures necessary depending on the relative contribution of each source of performance.

The manager may put credit arbitrage strategies in place, particularly using CDS.

☐ other (to be stipulated).

Type of instruments used:

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

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

☑ options on securities (OTC markets): on European government bonds for exposure or hedging purposes

☑ swaps (OTC instruments): the sub-fund's manager may use fixed income swaps for exposure or hedging purposes;

☑ forward exchange (over-the-counter instruments) for exposure or hedging against foreign exchange risk for investors in euros;

☑ credit derivatives: for the purposes of exposure, arbitrage and hedging; mainly "single name" CDS; sectoral indices (ITraxx, CDX particularly) and sub-indices of CDS; tranches of indices; CDO, CLO (senior and mezzanine tranches);

Credit derivatives make it possible to easily and efficiently convey 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 (exploitation of inefficiencies of the credit market).

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

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 (up to 100% of the assets, i.e., leverage of 2);

☐ other strategy (to be specified).

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

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

These transactions may be carried out with counterparties selected by the management company among financial institutions that have their registered office in an OECD member country. These counterparties may be companies linked to the HSBC Group.

These counterparties must of good credit quality and in all cases the minimum rating is BBB- on Standard & Poor's scale or equivalent, or have a rating deemed to be equivalent by the management company.

This financial collateral policy specifies:

- The haircut applicable to financial collateral. It depends on the security's volatility, 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, Negotiable European Commercial Paper, and debt securities/bonds issued by private issuers.

Financial collateral 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. 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 consisting of cash must be:

- deposited with credit institutions whose registered office is located in an OECD member State or a third party State having equivalent prudential rules,

- invested in high-quality government bonds,

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

- invested in "short-term money market" UCI.

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

Securities with embedded derivatives (up to 25% of net assets)

Risks in which the manager intends to trade:

☐ equity;

☑ interest rates;

☑ exchange rates;

☑ credit;

☐ other risk (to be specified).

Types of transactions and description of all operations that must be limited to the achievement of the investment objective. :

☑ hedging;

☑ exposure;

☑ arbitrage;

☐ other (to be stipulated).

Type of instruments used: EMTNs, callable/puttable bonds

Embedded derivatives are used as an alternative to direct investment in pure derivatives.

Deposits

By reference to the Monetary and Financial Code, deposits contribute to the fulfilment of the sub-fund management objective by allowing for cash management.

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

Cash loans

Exceptionally, the manager can borrow cash up to an amount equal to 10% of the assets in order to make an investment in anticipation of a market rise or, on a more temporary basis, for significant redemptions.

Temporary purchases and sales of securities

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

Types of transactions used:

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

☐ borrowed and loaned equities in reference to the French Monetary and Financial Code;

☐ other type (to be specified).

Type of involvement, all transactions must be limited to the fulfilment of the management objective:

☑ cash management;

☑ optimising sub-fund income:

☑ potential contribution to capital leverage of the sub-fund;

☐ other (to be stipulated).

Temporary purchases and sales of securities are carried out for the sake of achieving the management objective and in search of the best interest of the sub-fund. Only bonds can be subject to temporary purchase and sale transactions.

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 carried out with counterparties selected by the management company among financial institutions that have their registered office in an OECD member country. These counterparties may be companies linked to the HSBC Group.

These counterparties must of good credit quality and in all cases the minimum rating is BBB- on Standard & Poor's scale or equivalent, or have a rating deemed to be equivalent by the management company.

Level of use authorised: up to 100% maximum

Possible leverage: up to 10%

Remuneration: see additional information in the Charges and Commissions section.

Type of instrument	Average intended holding range (For information purposes – non-contractual)	Maximum authorised level
Fixed-rate bonds and short/medium term negotiable securities (including EMTNs)	60%- 100%	100%
Variable-rate and inflation-indexed bonds	0%- 25%	100%
Securitisation vehicles and mortgage bonds	0%- 30%	100%
Derivatives (including hedging transactions)	0%- 100%	100%
Temporary purchases/sales of securities	0%- 100%	100%
Investment funds	0%- 10%	10%
Securities with embedded derivatives	0%- 10%	100%

▶ **Risk profile:**

Main risks:

- Risk of capital losses: There is a risk that the capital initially invested will not be returned in full.

- Discretionary management risk: The discretionary management style of the sub-fund relies upon anticipating developments in different markets and securities. There is a risk that the sub-fund will not always be invested in the highest performing markets and securities.

- Interest rate risk: the price of fixed-rate bonds and other fixed-income securities varies in inverse proportion to fluctuations in interest rates. For example, in the event of an increase in interest rates, the value of these bonds will fall together with the NAV. Moreover, the manager may execute interest rate arbitrage, i.e., if a deformation of the yield curb is anticipated. However, it is possible that the manager will not anticipate a particular type of deformation in the curve, which could lead to a significant decline in the NAV.

- *Credit risk*: deterioration of the issuer's financial situation, 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 reduction in the sub-fund's NAV. This may, for example, involve the risk of non-redemption of a bond within the deadlines. An issuer's credit risk is reflected by the ratings assigned to it by official rating agencies such as Moody's or Standard & Poor's.
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 purchase or sell.

- *Securitisation risk:* for these instruments, the credit risk is based primarily on the quality of the underlying assets, which can be of various types (bank loans, debt securities, etc.). These instruments result from complex structures that may include legal risks and specific risks due to the characteristics of the underlying assets. The realization of these risks may result in a decrease in the NAV of the sub-fund.
Securitisation vehicles are currently less liquid securities compared with traditional bond issues.

- *Liquidity risk*: the markets in which the sub-fund participates may be occasionally and temporarily affected by a lack of liquidity in certain circumstances or market configurations. These market disruptions can impact the price conditions in which the sub-fund may need to liquidate, initiate, or change positions and therefore cause a decline in the sub-fund's NAV.

Ancillary risks:

- *Risk related to investment in futures markets*: the sub-fund may invest in financial futures within the limit of its asset value. This exposure to markets, assets and indices through financial futures may lead to decreases in the NAV which are significantly more pronounced or more rapid than the variation observed in the elements underlying these instruments.

- *Counterparty risk:* In the context of OTC transactions of derivatives and/or temporary purchases or sales of securities, the sub-fund is exposed to the risk of breach of contract by the counterparty with whom the operation is transacted. This potential risk depends on the counterparty rating and may materialise within the framework of defaulting by one of these counterparties in the form of a negative impact on the sub-fund NAV.

- *Inflation risk*: the sub-fund does not present any systematic protection against inflation, i.e., the increase in the general level of prices over a given period. The performance of the UCITS, measured in real terms, will thus be reduced proportionally to the inflation rate observed over the reference period.

- *Foreign exchange risk*: the sub-fund is exposed to forex risk by purchasing securities denominated in a currency other than the euro and not hedged against forex risk. Foreign exchange risk is the risk of investment currencies falling in relation to the portfolio's reference currency. Currency fluctuations in relation to the portfolio reference currency. Currency fluctuations in relation to the reference currency may involve a drop in the value of these instruments, and consequently a drop in the sub-fund NAV.

- 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). Management of this risk is described in the 'Conflict of interest policy' developed by the management company and available on its website.

- Risk associated with financial collateral management: The shareholder may be exposed to a legal risk (associated with legal documents, application of the contracts and their limits), an operational risk, and the risk linked to the reuse of cash received as collateral, as the sub-fund NAV can fluctuate according to the fluctuation in the value of the securities acquired by investing the cash received as collateral. In exceptional market circumstances, the shareholder may also be exposed to a liquidity risk, leading to difficulties to trade certain securities, for example.

The list of risk factors highlighted above are not exhaustive. Investors are responsible for analysing the risk inherent in such an investment and to form their own opinion independently of the HSBC Group if necessary with the support of advisors specialising in these matters in order to ensure that this investment corresponds to their financial situation.

▶ Guarantee or protection:

None

▶ Subscribers concerned and standard investor profile:

AC and AD shares: all subscribers

IC shares: all subscribers, and especially institutional investors

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

BC shares: subscriptions for BC shares are subject to the existence of a specific remuneration agreement between the subscriber and the distributor or the portfolio manager

IT shares: IT shares are reserved for the ATFfund market, the MTF of the Borsa Italiana.

The minimum recommended investment period is 3 years.

This product is intended more specifically for subscribers seeking a product invested in bonds issued by companies that meet high standards in the area of Sustainable Development, while maintaining a long-term performance objective equivalent to classic bond UCIs.

Shareholders are therefore invited to contact their advisor or relationship manager if they would like an analysis of their personal situation. This analysis may, depending on the case, be billed by his or her advisor and shall no in no way be borne by the sub-fund or the management company.

In any event, investors are strongly recommended to diversify their investments sufficiently so as not to expose themselves solely to the risks of this sub-fund.

▶ **Calculation and allocation of distributable amounts:**

In accordance with regulatory provisions, net earnings for the financial year equals the amount of interest, arrears, dividends, premiums, bonuses, and directors' fees, as well as all income relating to securities that constitute the sub-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 earnings plus retained earnings, plus or minus the balance of accrued income;

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

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

Distributable amounts	AC, IC, ZC and IT shares	AD shares
Net income (1)	Accumulation	Distribution
Net capital gains (2)	Accumulation	Accumulation and/or distribution, on the management company's decision each year.

Distribution frequency:

For AD shares, on the decision of the management company, annual distribution if the accounting income of the sub-fund allows it.

Characteristics of the shares:

The shares are denominated in euros.

For AC, AD, ZC and BC shares, subscriptions and redemptions can be made in thousandths of a share or in full.

For IC shares, subscriptions and redemptions can be made in thousandths of shares or in full.

For IT shares, subscriptions and redemptions shall be made exclusively in full shares and the minimum subscription amount shall be 1 share. Subscriptions and redemptions in amounts of money are not permitted.

Initial NAV of the merged mutual fund:

AC shares: 1,000 euros

AD shares: 1,000 euros

IC shares: 100,000 euros

ZC shares: 1,000 euros

BC shares: 1,000 euros

IT shares: 10 euros

Minimum initial subscription amount:

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

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

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

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

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

IT shares: the minimum initial subscription amount is one share.

The change from one category of shares to another or from one sub-fund to another is considered a disposal and thus likely to be taxable.

Subscription and redemption modalities:

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 + 1 business day	D + 1 business day	D + 1 business 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	Redemption settlement

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

Subscription and redemption requests are transmitted every day at noon, Paris time. They are executed on the basis of the NAV calculated on the day’s closing prices.

Subscription and redemption requests after 12:00 noon shall be executed on the basis of the NAV calculated on the closing prices of the following business day. Subscription and redemption requests received on a non-trading day will be executed on the basis of the NAV calculated on the closing prices of the first following trading day.

Subscribers are invited to send their instructions to their financial intermediaries sufficiently in advance to allow them to be transmitted before the 12:00 noon deadline.

Subscription and redemption of IT shares:

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 + 1 business day	D + 3 business days	D + 3 business days
Centralisation before 11:00 a.m. of subscription orders*	Centralisation before 11:00 a.m. of redemption orders*	Execution of the order at the very latest on D	Publication of the NAV	Subscription settlement	Redemption settlement

Subscriptions and redemptions are centralised each day at the latest by 11 a.m. (Paris time). They shall be executed by reference to the sub-fund's NAV as calculated and published on the following business day on the basis of the closing prices on the date of centralisation of requests.

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

We recommend that you obtain information on the operating rules issued by that listing market, in accordance with local regulations, or that you contact your regular advisor.

<u>*Centralisation:*</u> For the feeder funds (only) of the sub-fund HSBC Responsible Investment Funds - SRI Euro Bond, the master sub-fund subscription and redemption clearing time is set at 12:30 p.m. (Paris time).

Institutions appointed to receive subscriptions and redemptions and responsible for ensuring compliance with the deadline for clearing subscription and redemption orders indicated above:

CACEIS Bank and HSBC France as regards customers for whom they ensure custody and management.

Shareholders should be aware that orders transmitted to marketers other than the institutions mentioned above must take account of the fact that the order centralisation deadline applies to said marketers with regard to CACEIS Bank. Accordingly, these marketers may apply their own deadline, prior to the deadline mentioned above, in order to take their time for transmission of orders to CACEIS Bank into account.

NAV calculation date and frequency:

The NAV is calculated daily, except on Saturdays, Sundays, legal holidays in France and the closing days of the French market. The NAV can be obtained from the management company.

IT shares:

The NAV is calculated daily with the exception of Saturdays, Sundays, statutory holidays in France and dates on which the French markets and the Borsa Italiana are closed.

The NAV of the share is also supplied by the Borsa Italiana.

NAVs may be obtained from the management company at the following address:

HSBC Global Asset Management (France)

75,419 Paris cedex 08

▶ **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. Commissions earned by the sub-fund compensate it for the expenses incurred from investing or divesting the assets entrusted to it. Commissions not earned are returned to the management company, marketer, etc.

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

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

Cases of exemption: Simultaneous redemption/subscription transactions on the basis of the subscription NAV for a zero balance transaction volume on the same sub-fund are made without charge.

Expenses:

Financial management expenses and external administrative fees of the management company cover all expenses billed directly to the sub-fund, with the exception of transaction fees. Transaction costs include intermediation costs (brokerage, trading taxes, etc.) and the transaction commission, if applicable, which may be received by the depositary and the management company.

In addition to financial management and external administrative fees, the management company may also include:

- *top-performance commissions. These commissions remunerate the management company when the sub-fund has surpassed its objectives. They are therefore charged to the sub-fund;*
- *transaction commissions billed to the sub-fund;*
- *a share of the income from temporary purchases and sales of securities.*

Should management fees external to the management company be increased 0.10% or less including taxes annually, the shareholders of the sub-fund might be notified any means.

In that event, the management company may not be specifically required to notify shareholders or to offer the optional redemption of their shares without charge.

	Costs billed to the sub-fund	Base	Scale rate			
			Shares AC and AD:	Shares IC, BC:	ZC shares:	IT shares:

1	Financial management fees	Daily net assets	Maximum 0.80% including taxes	Maximum 0.40% including taxes	None	Maximum 0.40% including taxes
2	Administrative charges external to the management company	Daily net assets	Maximum 0.20% including taxes			Maximum 0.30% including taxes
3	Maximum indirect charges (commissions and management fees)	Daily net assets	Insignificant*			
4	Transaction commissions	Deduction from each transaction	None			
5	Performance commission	Daily net assets	None			

** The sub-fund invests less than 20% in investment funds*

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

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

Revenue and income generated by temporary purchases and sales of securities are fully earned by the sub-fund, after deducting, depending on the type of transactions, certain direct and indirect operational costs (in particular, the remuneration of any lending agent).

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 any additional information, shareholders are invited to consult the annual report or the management report of the management company, which includes additional details if the value of these services exceeds 1% of the sales of the management company.

<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. 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 includes the quality of order executions, the rates applied and the financial soundness of each broker or counterparty.

The choice of counterparties and investment firms and service providers of HSBC Global Asset Management (France) is made according to a precise evaluation process intended to guarantee a high-quality service company. This is a key element in the general decision making process which 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 Fund 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 establishment**

The sub-fund was created on 30 September 2019.

▶ **ISIN codes:**

AC shares: FR0013443132

IC shares: FR0013443140

RC shares: FR0013443157

▶ **Management objective:**

The management objective of the sub-fund HSBC Responsible Investment Funds – SRI Moderate is to maximise performance corresponding to investment with moderate exposure to equity market risk, over a recommended investment horizon of at least 3 years. This investment is carried out by selecting securities of companies or countries chosen for their good environmental, social, and governance practices and their financial quality. The long-term strategic allocation is 30% shares and 70% international bonds with a euro bias.

▶ **Benchmark:**

The sub-fund HSBC Responsible Investment Funds – SRI Moderate does not have a benchmark index.

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

▶ **Investment strategy:**

The sub-fund HSBC Responsible Investment Funds – SRI Moderate is part of a multi-asset SRI range comprising multiple profiles. With a strategic allocation comprised 30% of shares on average, this investment has moderate exposure to equity market risk.

The sub-fund's sources of performance are:

- The tactical allocation of asset classes;
- The selection of securities meeting financial and non-financial criteria;
- The active management of interest rate risk and credit risk;
- The active management of foreign exchange risk.

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

1) *The tactical allocation between asset classes*:

Asset allocation is a source of added value to the extent that the financial markets have differentiated performance dependent on the economic cycle. For example, periods of slowdown generally lead to negative performance on equity markets and positive performance on bond markets. Tactical allocation therefore becomes vital as it seeks to optimise the portfolio's overall exposure through the combined management of multiple asset classes.

From the strategic allocation comprised 70% of rate instruments on average, the manager exposes the sub-fund between 65% and 75% to the fixed income market in order to adapt it to our forecasts and our economic scenario. Therefore, the forecast of a medium term upward trend in fixed income markets leads to overexposure of the portfolio to this asset class. The extent of the overexposure in relation to the strategic allocation then depends on manager conviction.

2) Assessment and selection of securities in accordance with non-financial criteria

The sub-fund HSBC Responsible Investment Funds – SRI Moderate is invested, depending on the manager's selections, either in securities issued by companies or countries, or in UCIs managed by the HSBC Group. This first stage of the process involves selecting, in accordance with a "Best in class" approach and pursuant to Environmental, Social, and Governance (ESG) criteria, the best issues of public or private listed companies within each sector (for example, Energy, and Transport, etc.) Each issue will be assigned 4 ratings: an E rating, S rating, G rating, and a combined rating. The first three are provided by external rating agencies, which endeavour to assess the relevant aspects for the sector to which the rated company belongs. The weapons and tobacco industries are automatically excluded, as are companies that have been proven to have breached one of the 10 principles of the United Nations Global Compact or that have at least two suspected breaches.

With regard to Governance, aspects such as the composition and representativeness of the Board of Directors, the diligence and the level of independence of the directors, transparency with regard to the appointment of senior executive staff, the robustness of audit and control procedures and respect for the rights of minority shareholders are subject to systematic analysis. Assessment of the company's performance in these areas will also, for example, take into consideration the country to which the company belongs, the country in which it is listed and/or the country where it has its registered office. This is because corporate governance practices are very heavily determined by national regulations. However, they will also be evaluated in accordance with international standards like the OECD Guidelines.

Environmental aspects are connected with the nature of the company's activity in its particular sector. Thus, in extractive industries, utilities and aviation, the release of carbon emissions directly associated with the company's activity is of paramount importance: their non-measurement and non-control may represent a major industrial risk and may result in financial penalties and/or major reputational damage. However, in the automotive sector or the electrical equipment manufacturing sector, a company's capacity to invest in the development of products and solutions capable of meeting service expectations shall be assessed, while limiting greenhouse gas emissions during their use phase: hybrid or electric vehicles, intelligent energy efficiency, and regulation systems: 'smart grid'. Finally, certain sectors have only a tenuous direct environmental impact, such as media, and finance, etc.

The third pillar, social, covers concepts linked to relations with civil society, staff management, remuneration and training policy, respect for trade union law, and health and safety in the workplace. The very nature of the company's activity will heavily determine the nature and relative importance of these practices. Thus, in dangerous sectors like construction and mining, prevention of occupational accidents and safety are regarded as priority criteria. On the other hand, in sectors like telecommunications, the fairness of pricing policies applied to customers and data protection are important topics.

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

Equities are rated from 0 to 10. Each security is categorised in one of the 30 ESG sectors established by the Management Company using an initial investment universe that is representative of the strategic allocation.

These 30 ESG sectors place issuers in uniform groups, for which a weighting of the E, S, and G pillars is determined based on comprehensive studies by the analysts, under the responsibility of the global ESG research manager. So that this makes sense, ESG ratings = X% of the E rating + Y% of the S rating + Z% of the G rating will be constructed from the X, Y and Z coefficients specific to each sector. By way of example, financial sectors are characterised by a very heavy weight accorded to governance (G): up to 60% whereas, in sectors with a high environment impact, E can weigh up to 50% of the total rating. The weighting of these X, Y and Z coefficients therefore reflects our knowledge of the various business sectors and their respective ESG impacts. It is the result of work drawing both on our internal research resources and on academic research.

The SRI universe consists in taking account of ESG criteria and classifying companies into quartiles within each sector. The ratings of the SRI universe of the sub-fund HSBC Responsible Investment Funds – SRI Moderate are updated on a monthly basis.

Securities categorised in the 4th quartile are excluded. A maximum of 15% of net assets may be invested in the 3rd quartile and there are no investment restrictions for securities categorised in the 1st and 2nd quartiles.

The sub-fund's portfolio must be brought into line with changes in quartiles resulting from changes in ratings within two weeks of dispatch of the new SRI universe and at the latest before the end of each calendar month. Exceptionally, however, this period may be extended by a further three months, at the manager's discretion, for companies classified in the fourth quartile.

The sub-fund may invest up to 10% of its assets in unrated securities in accordance with Environmental, Social, and Governance criteria. Unrated securities are those for which our ESG contributor does not supply the data required for calculating the E, S, and G ratings and the combined rating.

The code of transparency applicable to the sub-fund HSBC Responsible Investment Funds – SRI Moderate, is publicly available on the following website: www.assetmanagement.hsbc.com. It 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 commitment policy reflected in visits to companies in the form of individual meetings and exercising our voting policy.

3) Assessment of financial criteria

This stage involves the selection of securities within the defined SRI universe, on the basis of purely financial criteria. We believe that companies that meet all of the financial and non-financial criteria carry out activities consistent with the principles of long-term development.

The stock selection strategy involves researching those companies whose current valuation, in our opinion, does not reflect the structural profitability they are likely to generate under normal conditions. Investment decisions are based on an analysis of the fundamentals and valuations.

The bond and debt security selection strategy

- 1- *Active management of interest rate risk*, broken down into sensitivity management and curve strategies. The overall sensitivity of the sub-fund and the curve strategy are decided upon according to the market predictions of the management team concerning respectively the development of interests rates (in the event of an increase in interest rates, the value of fixed-rate bonds drops) and the deformation of the yield curve (exposure to particular points of the curve in order to take advantage of the flattening, steepening or curvature of the yield curve).

- 2- *active management of credit risk*, which constitutes a credit allocation: this allocation between governmental and non-governmental issuers is based on an analysis of the relative value of the non-governmental securities carried out by the management team on the basis of qualitative and quantitative data to value the relative cost of a security: our assessment of the security's value is compared to its market price.

A rigorous selection of issuers on the basis of their risk/return profile, the objective being to minimise the risk to equal return. This selection relies on in-depth knowledge of issuers, along with the expertise of our credit analysis team.

Furthermore, in order to achieve the management objective, the manager will be able to invest up to 10% in the sub-funds HRIF - Europe Equity Green Transition and HRIF - SRI Global Equity of the SICAV Responsible Investment Funds.

Active management of foreign exchange risk: investment decisions in currencies other than the euro are based on an analysis of the macroeconomic context and factors specific to currency markets.

Exposure to currency risk is permitted and may represent up to 10% of the net assets.

▶ **Instruments used:**

Equities:

The sub-fund is invested between 25% (minimum) and 35% (maximum) in shares and similar securities traded on French and foreign regulated markets. The sub-fund may invest in the securities of small, mid, and large-cap companies.

The manager may also invest in these instruments via French or European UCIs and/or investment funds.

The Management Company's polices with regard to voting rights is conducted in accordance with the method submitted to the AMF and available on our website (www.assetmanagement.hsbc.com).

Debt securities and money market instruments:

The sub-fund is invested between 65% (minimum) and 75% (maximum) in fixed-rate bonds (including EMTNs), negotiable debt securities, inflation-linked and floating rate bonds, securitisation vehicles, and mortgage bonds.

However, the manager may invest in these instruments via French or European UCIs and/or investment funds.

The sub-fund may invest up to 75% of its net assets in private debt.

Debt securities and money market instruments will be distributed by issuers rated Investment Grade upon purchase (rated at least BBB-/Baa3 by Standard and Poor's or an equivalent agency, or deemed equivalent by the Management Company). The rating taken into account is the lower of the two.

The sub-fund is invested in debt securities and short-term money market instruments with a proposed range of between 0% and 10%, the rating of which shall be equal to A1/P1 (Standard & Poor's, an equivalent agency, or deemed equivalent by the Management Company and/or long-term equivalent), used to help meet the management objective and potentially for cash management.

The Management Company does not exclusively or automatically use the assessments provided by the credit rating agencies and prioritises its own credit risk analysis to assess asset credit quality and to select securities for purchase or sale.

The sub-fund's sensitivity range is between +3.5 and +6. The sensitivity of a bond is its price variation when interest rates change.

Shares or units of other UCIs or Investment Funds (up to 10% of its net assets):

To help achieve the management objective and for cash management.

☑ UCITS under French or European law:

☑ French General Investment Funds or foreign alternate investment funds;

☑ Other investment funds: Trackers - ETF (Exchange Traded Funds: listed index entities).

The manager may invest in UCIs managed by a HSBC Group entity. These UCIs must meet the established financial and non-financial targets.

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 SRI approaches that are different to and independent from the sub-fund.

Derivatives

Type of markets involved:

☑ regulated;

☑ organised;

☑ over-the-counter.

Risks in which the manager wishes to intervene:

☑ equity;

☑ fixed income;

☑ exchange rates;

☐ credit;

☐ other risks (to be specified).

Type of involvement, all transactions must be limited to the fulfilment of the management objective.

☑ hedging;

☑ exposure;

☐ arbitrage;

☐ Other (to be specified)

Type of instruments used:

☑ Futures (regulated markets);

☐ Options on futures and securities (regulated markets);

☐ Equity options (over-the-counter markets);

☐ Swaps (over-the-counter instruments);

☑ Forward exchange (over-the-counter instruments);

☐ Credit derivatives

The sub-fund will not use total return swaps (TRS)

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;

☑ increasing market exposure and definition of maximum authorised leverage: lever 1;

☐ other strategy (to be specified).

Counterparties eligible for transactions on OTC financial futures are selected according to the procedure described in the paragraph: “Brief description of the intermediary selection procedure”.

Financial collateral put in place for OTC financial futures is the subject of a financial collateral policy available on the management company’s website.

These transactions may be carried out with counterparties selected by the management company among financial institutions that have their registered office in an OECD member country. These counterparties may be companies linked to the HSBC Group.

These counterparties must of good credit quality and in all cases the minimum rating is BBB- on Standard & Poor’s scale or equivalent, or have a rating deemed to be equivalent by the management company.

This financial collateral policy specifies:

- The haircut applicable to financial collateral. It depends on the security’s volatility, 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, Negotiable European Commercial Paper, and debt securities/bonds issued by private issuers.

Financial collateral 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. 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 consisting of cash must be:

- deposited with credit institutions whose registered office is located in an OECD member State or a third party State having equivalent prudential rules,
- invested in high-quality government bonds,
- invested in reverse repurchase agreements in which the counterparty is a credit institution subject to prudential supervision and for which the sub-fund may recall the cash at any time;
- invested in "short-term money market" UCI.

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

Securities with embedded derivatives (up to 25% of net assets)

Risks in which the manager intends to trade:

☐ equity;

☑ fixed income;

☑ exchange rates;

☑ credit;

☐ other risk (to be specified).

Types of transactions and description of all operations that must be limited to the achievement of the investment objective. :

☑ hedging;

☑ exposure;

☑ arbitrage;

☐ other (to be stipulated).

Type of instruments used: EMTNs, callable/puttable bonds

Embedded derivatives are used as an alternative to direct investment in pure derivatives.

Deposits

By reference to the Monetary and Financial Code, deposits contribute to the fulfilment of the sub-fund management objective by allowing for cash management.

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

Cash loans

Exceptionally, the sub-fund may be temporarily indebted and have recourse to borrow cash up to an amount equal to 10% of the assets in order to make an investment in anticipation of a market rise or, on a more temporary basis, for significant redemptions.

Temporary purchases and sales of securities

The sub-fund may not carry out any temporary security acquisition and disposal transactions.

The management company's policy in terms of voting rights is in line with the policy available on our website (www.assetmanagement.hsbc.com/fr).

▶ **Risk profile:**

Investors' money will be primarily invested in financial instruments selected by the Management Company. These instruments will be subject to market fluctuations and risks.

Main risks:

- Discretionary management risk: the sub-fund's discretionary management approach is based on anticipating trends for the various markets and securities. There is a risk that the sub-fund will not always be invested in the highest performing markets and securities.

- Risk of capital loss: there is a risk that the capital initially invested may not be recovered in full.

- Interest rate risk: the portion of the portfolio invested in fixed income instruments may be impacted by falls or rises in interest rates. When long-term interest rates rise, bond prices fall. These movements may cause the net asset value to fall.

- Credit risk: when fixed income instruments are invested in securities issued by private issuers, the risk of a potential downgrading of an issuer's credit rating may negatively impact the price of the security. The sub-fund's net asset value may fall as a result.

- Equity risk: a fall in the share price may cause the sub-fund's net asset value to fall. During periods of significant equity market volatility, the exposure of the sub-fund to these same markets may cause the sub-fund's net asset value to fall. Investors are reminded that small-cap markets are intended for companies that, due to their low level of capitalisation, may fluctuate and cause the value of the sub-fund's investments to fall. Investment in small and mid-cap companies can result in larger and faster declines in the value of the fund.

- Risk linked to the use of forward financial instruments: the use of forward financial instruments may increase or decrease the sub-fund's volatility and have a positive or negative impact on the net asset value.

- Ancillary risks:

- Risk of potential conflicts of interest: the risk of conflicts of interest, in the context of transactions involving financial contracts and/or temporary purchases and sales of securities, may exist if the intermediary used to select a counterparty, or the counterparty itself, has a direct or indirect capital-based link to the Management Company or to the depositary. Management of this risk is described in the 'Conflict of interest policy' developed by the management company and available on its website.

- 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 delivery, payment, and repayment commitments. In that event, the counterparty's failure could lead to a decline in the sub-fund's NAV. This risk is reduced by the establishment of financial collateral between the sub-fund and the counterparty, as described in the Investment Strategy.

- Risk associated with financial collateral management: investors may be exposed to a legal risk (associated with legal documents, application of the contracts and their limits), an operational risk, and the risk linked to the reuse of cash received as collateral, as the sub-fund's net asset value may fluctuate according to the fluctuation in the value of the securities acquired by investing the cash received as collateral. In exceptional market circumstances, investors may also be exposed to liquidity risk, which may, for example, make it difficult to trade certain securities. Investors may be exposed to a legal risk linked to legal documentation, the enforcement of contracts, and the limits thereof, along with operational risk and the risk associated with the reuse of cash received as collateral, as the net asset value of the sub-fund may change in line with fluctuations in the value of the securities acquired by investing the cash collateral received. In exceptional market circumstances, investors may also be exposed to liquidity risk, which may, for example, make it difficult to trade certain securities.

- Foreign exchange risk: Foreign exchange risk is the risk of investment currencies falling in relation to the portfolio's reference currency. Currency fluctuations in relation to the reference currency may cause the value of these instruments, and consequently the sub-fund's net asset value to fall.

- Inflation risk: the sub-fund does not present any systematic protection against inflation, i.e., the increase in the general level of prices over a given period. The performance of the UCITS, measured in real terms, will thus be reduced proportionally to the inflation rate observed over the reference period.

- Liquidity risk: certain markets on which the sub-fund trades may occasionally be affected by a lack of liquidity. This may impact the price conditions in which the sub-fund values, initiates, modifies, or liquidates its positions.

- Securitisation risk: For these instruments, the credit risk is largely determined by the quality of the underlying assets, which may vary in nature (bank debt, debt securities, etc.) These instruments are structurally complex, potentially resulting in legal risks and risks specific to the features of the underlying assets. The realization of these risks may result in a decrease in the NAV of the sub-fund.

▶ **Guarantee or protection:**

None

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

AC shares: all subscribers

IC shares: open to all subscribers but more specifically intended for institutional investors

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

This product is intended more specifically for subscribers seeking a diversification instruction combing shares and bonds that meet high standards in the area of Sustainable Development, while maintaining a long-term performance objective.

The recommended investment period is more than three years.

Shareholders are therefore invited to contact their habitual advisor or relationship manager if they would like an analysis of their personal situation. This analysis may, depending on the case, be billed by his or her advisor and shall no in no way be borne by the sub-fund or the management company.

In any event, investors are strongly recommended to diversify their investments sufficiently so as not to expose themselves solely to the risks of this sub-fund.

▶ **Calculation and allocation of distributable amounts:**

In accordance with regulatory provisions, net earnings for the financial year equals the amount of interest, arrears, dividends, premiums, bonuses, and directors' fees, as well as all income relating to securities that constitute the sub-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 earnings plus retained earnings, plus or minus the balance of accrued income;

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

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

Distributable amounts	Shares
Net earnings (1)	Accumulation
Net capital gains realised (2)	Accumulation

Characteristics of the shares:

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: one thousandth of a share

The change from one category of shares to another or from one sub-fund to another is considered a disposal and thus likely to be taxable.

Subscription and redemption modalities:

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 + 1 business day	D + 1 business day	D + 1 business 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	Redemption settlement

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

Subscription and redemption requests are transmitted every day at noon, Paris time. They are executed on the basis of the NAV calculated on the day's closing prices.

Subscription and redemption requests after 12:00 noon shall be executed on the basis of the NAV calculated on the closing prices of the following business day. Subscription and redemption requests received on a non-trading day will be executed on the basis of the NAV calculated on the closing prices of the first following trading day.

Subscribers are invited to send their instructions to their financial intermediaries sufficiently in advance to allow them to be transmitted before the 12:00 noon deadline.

Institutions appointed to receive subscriptions and redemptions and in charge of compliance with the centralisation deadline indicated in the paragraph above:

CACEIS Bank and HSBC France as regards customers for whom they ensure custody and management.

Shareholders should be aware that orders transmitted to marketers other than the institutions mentioned above must take account of the fact that the order centralisation deadline applies to said marketers with regard to CACEIS Bank. Accordingly, these marketers may apply their own deadline, prior to the deadline mentioned above, in order to take their time for transmission of orders to CACEIS Bank into account.

NAV calculation date and frequency:

The NAV is calculated daily, except on Saturdays, Sundays, legal holidays in France and the closing days of the French market. Where applicable, the net asset value will be calculated on the basis of the previous day's prices if that day is a trading day. The net asset value is available from the Management Company.

The net asset values may be obtained from the Management Company at the following address:

HSBC Global Asset Management (France)

75,419 Paris cedex 08

▶ **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. Commissions earned by the sub-fund compensate it for the expenses incurred from investing or divesting the assets entrusted to it. Commissions not earned are returned to the management company, marketer, etc.

Charges billed to the investor, deducted at the time of subscriptions and redemptions	Base	Scale rate	
		Shares AC, IC:	Shares RC:
Subscription fee not payable to the sub-fund	NAV × number of shares	max. 2 %	max. 6 %
Subscription fee payable to the sub-fund	NAV × number of shares	None	
Redemption commission not paid into the sub-fund	NAV × number of shares	None	
Redemption commission paid into the sub-fund	NAV × number of shares	None	

Investment funds and mandates managed by HSBC Asset Management (France) are exempted from subscription fees.

<u>Exceptions</u>: Simultaneous redemption/subscription transactions on the basis of the subscription NAV for a zero balance transaction volume on the same sub-fund are made without charge.

Expenses:

Financial management expenses and external administrative fees of the management company cover all expenses billed directly to the sub-fund, with the exception of transaction fees. Transaction costs include intermediation costs (brokerage, trading taxes, etc.) and the transaction *commission, if applicable, which may be received by the depositary 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 sub-fund has surpassed its objectives. Hence the sub-fund is invoiced for them;*
- *transaction commissions billed to the sub-fund;*
- *a share of the income from temporary purchases and sales of securities.*

Should management fees external to the management company be increased 0.10% or less including taxes annually, the shareholders of the sub-fund might be notified any means.

In that event, the management company may not be specifically required to notify shareholders or to offer the optional redemption of their shares without charge.

	Costs billed to the sub-fund	**Base**	**AC shares:**	**IC shares:**	**RC shares:**
1	Financial management fees	Daily net assets	Maximum 1% including taxes	Maximum 0.50% including taxes	Maximum 0.50% including taxes
2	Administrative charges external to the management company	Daily net assets	Maximum 0.10% including taxes		
3	Maximum indirect charges (commissions and management fees)	Daily net assets	Insignificant*		
4	Transaction commissions	Deduction from each transaction	None		
5	Performance commission	Daily net assets	None		

** The sub-fund invests less than 20% in investment funds*

Summary description of the process for selecting intermediaries

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. 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 includes the quality of order executions, the rates applied and the financial soundness of each broker or counterparty.

The choice of counterparties and investment firms and service providers of HSBC Global Asset Management (France) is made according to a precise evaluation process intended to guarantee a high-quality service company. This is a key element in the general decision making process which 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 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 establishment

The sub-fund was created on 30 September 2019.

▶ ISIN codes:

AC shares: FR0013443181

IC shares: FR0013443199

▶ Management objective:

The management objective of the sub-fund HSBC Responsible Investment Funds - SRI Balanced is to maximise performance corresponding to investment with medium exposure to equity market risk, over a recommended investment horizon of at least 4 years. This investment is carried out by selecting securities of companies or countries chosen for their good environmental, social, and governance practices and their financial quality. The long-term strategic allocation is 50% shares and 50% international bonds with a euro bias.

▶ Benchmark:

The sub-fund HSBC Responsible Investment Funds – SRI Balanced does not have a benchmark.

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

▶ Investment strategy:

The sub-fund HSBC Responsible Investment Funds – SRI Balanced is part of a multi-asset SRI range comprising multiple profiles. With a strategic allocation comprised 50% of shares on average, this investment has medium exposure to equity market risk.

The sub-fund's sources of performance are:

- The tactical allocation of asset classes;
- The selection of securities meeting financial and non-financial criteria;
- The active management of interest rate risk and credit risk;
- The active management of foreign exchange risk;
- Selection of investment vehicles

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

1) *The tactical allocation between asset classes*

Asset allocation is a source of added value to the extent that the financial markets have differentiated performance dependent on the economic cycle. For example, periods of slowdown generally lead to negative performance on equity markets and positive performance on bond markets. Tactical allocation therefore becomes vital as it seeks to optimise the portfolio's overall exposure though the combined management of multiple asset classes.

From the strategic allocation comprised 50% of rate instruments on average, the manager exposes the sub-fund between 45% and 55% to interest rates in order to adapt it to our forecasts and our economic scenario. Therefore, the forecast medium term upward trend in fixed income markets leads to overexposure of the portfolio to this asset class. The extent of the overexposure in relation to the strategic allocation then depends on manager conviction.

2) Assessment and selection of securities in accordance with non-financial criteria

The sub-fund HSBC Responsible Investment Funds – SRI Balanced is invested, depending on the manager's selections, either in securities issued by companies or countries, or in UCIs managed by the HSBC Group. This first stage of the process involves selecting, in accordance with a 'Best in class' approach and pursuant to Environmental, Social, and Governance (ESG) criteria, the best issues of public or private listed companies within each sector (for example, Energy, and Transport, etc.) Each issue will be assigned 4 ratings: an E rating, S rating, G rating, and a combined rating. The first three are provided by external rating agencies, which endeavour to assess the relevant aspects for the sector to which the rated company belongs. The weapons and tobacco industries are automatically excluded, as are companies that have been proven to have breached one of the 10 principles of the United Nations Global Compact or that have at least two suspected breaches.

With regard to Governance, aspects such as the composition and representativeness of the Board of Directors, the diligence and the level of independence of the directors, transparency with regard to the appointment of senior executive staff, the robustness of audit and control procedures and respect for the rights of minority shareholders are subject to systematic analysis. Assessment of the company's performance in these areas will also, for example, take into consideration the country to which the company belongs, the country in which it is listed and/or the country where it has its registered office. This is because corporate governance practices are very heavily determined by national regulations. However, they will also be evaluated in accordance with international standards like the OECD Guidelines.

Environmental aspects are connected with the nature of the company's activity in its particular sector. Thus, in extractive industries, utilities and aviation, the release of carbon emissions directly associated with the company's activity is of paramount importance: their non-measurement and non-control may represent a major industrial risk and may result in financial penalties and/or major reputational damage. However, in the automotive sector or the electrical equipment manufacturing sector, a company's capacity to invest in the development of products and solutions capable of meeting service expectations shall be assessed, while limiting greenhouse gas emissions during their use phase: hybrid or electric vehicles, intelligent energy efficiency, and regulation systems: 'smart grid'. Finally, certain sectors have only a tenuous direct environmental impact, such as media, and finance, etc.

The third pillar, social, covers concepts linked to relations with civil society, staff management, remuneration and training policy, respect for trade union law, and health and safety in the workplace. The very nature of the company's activity will heavily determine the nature and relative importance of these practices. Thus, in dangerous sectors like construction and mining, prevention of occupational accidents and safety are regarded as priority criteria. On the other hand, in sectors like telecommunications, the fairness of pricing policies applied to customers and data protection are important topics.

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

Equities are rated from 0 to 10. Each security is categorised in one of the 30 ESG sectors established by the Management Company using an initial investment universe that is representative of the strategic allocation.

These 30 ESG sectors place issuers in uniform groups, for which a weighting of the E, S, and G pillars is determined based on comprehensive studies by the analysts, under the responsibility of the global ESG research manager. So that this makes sense, ESG ratings = X% of the E rating + Y% of the S rating + Z% of the G rating will be constructed from the X, Y and Z coefficients specific to each sector. By way of example, financial sectors are characterised by a very heavy weight accorded to governance (G): up to 60% whereas, in sectors with a high environment impact, E can weigh up to 50% of the total rating. The weighting of these X, Y and Z coefficients therefore reflects our knowledge of the various business sectors and their respective ESG impacts. It is the result of work drawing both on our internal research resources and on academic research.

The SRI universe consists in taking account of ESG criteria and classifying companies into quartiles within each sector. The ratings of the SRI universe of the sub-fund HSBC Responsible Investment Funds – SRI Balanced are updated on a monthly basis.

Securities categorised in the 4th quartile are excluded. A maximum of 15% of net assets may be invested in the 3rd quartile and there are no investment restrictions for securities categorised in the 1st and 2nd quartiles.

The sub-fund's portfolio must be brought into line with changes in quartiles resulting from changes in ratings within two weeks of dispatch of the new SRI universe and at the latest before the end of each calendar month. Exceptionally, however, this period may be extended by a further three months, at the manager's discretion, for companies classified in the fourth quartile.

The sub-fund may invest up to 10% of its assets in securities not rated in accordance with Environmental, Social, and Governance criteria. Unrated securities are those for which our ESG contributor does not supply the data required for calculating the E, S, and G ratings and the combined rating.

The code of transparency applicable to the sub-fund HSBC Responsible Investment Funds – SRI Balanced, is publicly available on the following website: www.assetmanagement.hsbc.com/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 commitment policy reflected in visits to companies in the form of individual meetings and exercising our voting policy.

3) *Assessment of financial criteria*

This stage involves the selection of securities within the defined SRI universe, on the basis of purely financial criteria. We believe that companies that meet all of the financial and non-financial criteria carry out activities consistent with the principles of long-term development.

The stock selection strategy involves researching those companies whose current valuation, in our opinion, does not reflect the structural profitability they are likely to generate under normal conditions. Investment decisions are based on analysis of the fundamentals and valuations.

The bond and debt security selection strategy

- 1- *Active management of interest rate risk*, broken down into sensitivity management and curve strategies. The overall sensitivity of the sub-fund and the curve strategy are decided upon according to the market predictions of the management team concerning respectively the development of interests rates (in the event of an increase in interest rates, the value of fixed-rate bonds drops) and the deformation of the yield curve (exposure to particular points of the curve in order to take advantage of the flattening, steepening or curvature of the yield curve).

- 2- *active management of credit risk*, which constitutes a credit allocation: this allocation between governmental and non-governmental issuers is based on an analysis of the relative value of the non-governmental securities carried out by the management team on the basis of qualitative and quantitative data to value the relative cost of a security: our assessment of the security's value is compared to its market price.

A rigorous selection of issuers on the basis of their risk/return profile, the objective being to minimise the risk to equal return. This selection relies on in-depth knowledge of issuers, linked to the expertise of our credit analysis team.

Furthermore, in order to achieve the management objective, the manager will be able to invest up to 20% in each of the sub-funds HRIF - Europe Equity Green Transition and HRIF - SRI Global Equity of the SICAV Responsible Investment Funds.

Active management of foreign exchange risk: investment decisions in currencies other than the euro are based on an analysis of the macroeconomic context and factors specific to currency markets.

Exposure to currency risk is permitted and may represent up to 25% of the net assets.

▶ **Instruments used:**

Equities:

The sub-fund is invested between 45% (minimum) and 55% (maximum) in shares and similar securities traded on French and foreign regulated markets. The sub-fund may invest in the securities of small, mid, and large-cap companies.

The manager may also invest in these instruments via French or European UCIs and/or investment funds.

The Management Company's polices with regard to voting rights is conducted in accordance with the policy submitted to the AMF and available on our website (www.assetmanagement.hsbc.com).

Debt securities and money market instruments:

The sub-fund is invested between 45% (minimum) and 55% (maximum) in fixed-rate bonds (including EMTNs), negotiable debt securities, inflation-linked and floating rate bonds, securitisation vehicles, and mortgage bonds.

However, the manager may invest in these instruments via French or European UCIs and/or investment funds.

The sub-fund may invest up to 55% of its net assets in private debt.

Debt securities and money market instruments will be distributed by issuers rated Investment Grade upon purchase (rated at least BBB-/Baa3 by Standard and Poor's or an equivalent agency, or deemed equivalent by the Management Company).

The sub-fund is invested in debt securities and short-term money market instruments with a proposed range of between 0% and 10%, the rating of which shall be equal to A1/P1 (Standard & Poor's or an equivalent agency, or deemed equivalent by the Management Company and/or long-term equivalent), used to help achieve the management objective and potentially for cash management.

The Management Company does not exclusively or automatically use the ratings provided by the credit rating agencies and prioritises its own credit risk analysis to assess asset credit quality and in the selection of securities for purchase or sale.

The sub-fund's sensitivity range is between +2.5 and +4.5. Sensitivity to a bond is the price variation of this bond when interest rates change.

Shares or units of other UCIs or Investment Funds (up to 100% of its net assets):

To help achieve the management objective and for cash management.

- ☑ UCITS under French or European law:
- ☑ French General Investment Funds or foreign alternate investment funds;
- ☑ Other investment funds: Trackers - ETF (Exchange Traded Funds: listed index entities).

The manager may invest in UCIs managed by a HSBC Group entity. These UCIs must meet the established financial and non-financial targets.

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 SRI approaches that are different to and independent from the sub-fund.

Derivatives

Type of markets involved:

- ☑ regulated;
- ☑ organised;
- ☑ over-the-counter.

Risks in which the manager wishes to intervene:

- ☑ equity;

☑ interest rate;

☑ exchange rates;

☐ credit;

☐ other risks (to be specified).

Type of involvement, all transactions must be limited to the fulfilment of the management objective.

☑ hedging;

☑ exposure;

☐ arbitrage;

☐ Other (to be specified)

Type of instruments used:

☑ Futures (regulated markets);

☐ Options on futures and securities (regulated markets);

☐ Equity options (over-the-counter markets);

☐ Swaps (over-the-counter instruments);

☑ Forward exchange (over-the-counter instruments);

☐ Credit derivatives

The sub-fund will not use total return swaps (TRS)

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;

☑ increasing market exposure and definition of maximum authorised leverage: lever 1;

☐ other strategy (to be specified).

Counterparties eligible for transactions on OTC financial futures are selected according to the procedure described in the paragraph: “Brief description of the intermediary selection procedure”.

Financial collateral put in place for OTC financial futures is the subject of a financial collateral policy available on the management company’s website.

These transactions may be carried out with counterparties selected by the management company among financial institutions that have their registered office in an OECD member country. These counterparties may be companies linked to the HSBC Group.

These counterparties must of good credit quality and in all cases the minimum rating is BBB- on Standard & Poor’s scale or equivalent, or have a rating deemed to be equivalent by the management company.

This financial collateral policy specifies:

- The haircut applicable to financial collateral. It depends on the security’s volatility, 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, Negotiable European Commercial Paper, and debt securities/bonds issued by private issuers.

Financial collateral 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. 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 consisting of cash must be:

- deposited with credit institutions whose registered office is located in an OECD member State or a third party State having equivalent prudential rules,
- invested in high-quality government bonds,
- invested in reverse repurchase agreements in which the counterparty is a credit institution subject to prudential supervision and for which the sub-fund may recall the cash at any time;
- invested in “short-term money market” UCI.

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

Securities with embedded derivatives (up to 25% of net assets)

Risks in which the manager intends to trade:

☐ equity;

☑ fixed income;

☑ exchange rates;

☑ credit;

☐ other risk (to be specified).

Types of transactions and description of all operations that must be limited to the achievement of the investment objective. :

☑ hedging;

☑ exposure;

☑ arbitrage;

☐ other (to be stipulated).

Type of instruments used: EMTNs, callable/puttable bonds

Embedded derivatives are used as an alternative to direct investment in pure derivatives.

Deposits

By reference to the Monetary and Financial Code, deposits contribute to the fulfilment of the sub-fund management objective by allowing for cash management.

Deposits may account for up to 10% of the sub-fund’s net assets.

Cash loans

Exceptionally, the sub-fund may be temporarily indebted and have recourse to borrow cash up to an amount equal to 10% of the assets in order to make an investment in anticipation of a market rise or, on a more temporary basis, for significant redemptions.

Temporary purchases and sales of securities

The sub-fund may not carry out any temporary security acquisition and disposal transactions.

The management company’s policy in terms of voting rights is in line with the policy available on our website (www.assetmanagement.hsbc.com/fr).

▶ **Risk profile:**

Investors’ money will be primarily invested in financial instruments selected by the Management Company. These instruments will be subject to market fluctuations and risks.

Main risks:

- Discretionary management risk: the sub-fund's discretionary management approach is based on anticipating trends for the various markets and securities. There is a risk that the sub-fund will not always be invested in the highest performing markets and securities.

- Risk of capital loss: there is a risk that the capital initially invested may not be recovered in full.

- Interest rate risk: the portion of the portfolio invested in fixed income instruments may be impacted by falls or rises in interest rates. When long-term interest rates rises, bond prices fall. These movements may cause the net asset value to fall.

- Credit risk: when fixed income instruments are invested in securities issued by private issuers, the risk of a potential downgrading of an issuer's credit rating may negatively impact the price of the security. The sub-fund's net asset value may fall as a result.

- Risk linked to the use of forward financial instruments: the use of forward financial instruments may increase or decrease the sub-fund's volatility and have a positive or negative impact on the net asset value.

- Equity risk: a fall in the share price may cause the sub-fund's net asset value to fall. During periods of significant equity market volatility, the exposure of the sub-fund to these same markets may cause the sub-fund's net asset value to fall. Investors are reminded that small-cap markets are intended for companies that, due to their low level of capitalisation, may fluctuate and cause the value of the sub-fund's investments to fall. Investment in small and mid-cap companies can result in larger and faster declines in the value of the fund.

- Foreign exchange risk: Foreign exchange risk is the risk of investment currencies falling in relation to the portfolio's reference currency. Currency fluctuations in relation to the reference currency may cause the value of these instruments, and consequently the sub-fund's net asset value to fall.

Ancillary risks:

- Inflation risk: the sub-fund does not present any systematic protection against inflation, i.e., the increase in the general level of prices over a given period. The performance of the UCITS, measured in real terms, will thus be reduced proportionally to the inflation rate observed over the reference period.

- Risk of potential conflicts of interest: the risk of conflicts of interest, in the context of transactions involving financial contracts and/or temporary purchases and sales of securities, may exist where the intermediary used to select a counterparty, or the counterparty itself, has a direct or indirect capital-based link to the Management Company or to the depositary. Management of this risk is described in the 'Conflict of interest policy' developed by the management company and available on its website.

- 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 delivery, payment, and repayment commitments. In that event, the counterparty's failure could lead to a decline in the sub-fund's NAV. This risk is reduced by the establishment of financial collateral between the sub-fund and the counterparty, as described in the Investment Strategy.

- Risk associated with financial collateral management: investors may be exposed to a legal risk (associated with legal documents, application of the contracts and their limits), an operational risk, and the risk linked to the reuse of cash received as collateral, as the sub-fund's net asset value may fluctuate according to the fluctuation in the value of the securities acquired by investing the cash received as collateral. In exceptional market circumstances, investors may also be exposed to liquidity risk, which may, for example, make it difficult to trade certain securities.

Investors may be exposed to a legal risk linked to legal documentation, the enforcement of contracts, and the limits thereof, along with operational risk and the risk associated with the reuse of cash received as collateral, as the net asset value of the sub-fund may change in line with fluctuations in the value of the securities acquired by investing the cash collateral received. In exceptional market circumstances, investors may also be exposed to liquidity risk, which may, for example, make it difficult to trade certain securities.

- Securitisation risk: For these instruments, the credit risk is largely determined by the quality of the underlying assets, which may vary in nature (bank debt, debt securities, etc.) These instruments are structurally complex, potentially resulting in legal risks and risks specific to the features of the underlying assets. The realisation of these risks may result in a decrease in the NAV of the sub-fund.

- Liquidity risk: certain markets on which the sub-fund trades may occasionally be affected by a lack of liquidity. This may impact the price conditions in which the sub-fund values, initiates, modifies, or liquidates its positions.

▶ **Guarantee or protection:**

None

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

AC shares: all subscribers

IC shares: open to all subscribers but more specifically intended for institutional investors

This product is intended more specifically for subscribers seeking a diversification instruction combining shares and bonds that meet high standards in the area of Sustainable Development, while maintaining a long-term performance objective.

The recommended investment period is more than four years.

Shareholders are therefore invited to contact their regular advisor or relationship manager if they would like an analysis of their personal situation. This analysis may, depending on the case, be billed by his or her advisor and shall no in no way be borne by the sub-fund or the management company.

In any event, investors are strongly recommended to diversify their investments sufficiently so as not to expose themselves solely to the risks of this sub-fund.

▶ **Calculation and allocation of distributable amounts:**

In accordance with regulatory provisions, net earnings for the financial year equals the amount of interest, arrears, dividends, premiums, bonuses, and directors' fees, as well as all income relating to securities that constitute the sub-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 earnings plus retained earnings, plus or minus the balance of accrued income;

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

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

Distributable amounts	Shares
Net earnings (1)	Accumulation
Net capital gains realised (2)	Accumulation

Characteristics of the shares:

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 change from one category of shares to another or from one sub-fund to another is considered a disposal and thus likely to be taxable.

Subscription and redemption modalities:

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 + 1 business day	D + 1 business day	D + 1 business 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	Redemption settlement

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

Subscription and redemption requests are transmitted every day at noon, Paris time. They are executed on the basis of the NAV calculated on the day's closing prices.

Subscription and redemption requests after 12:00 noon shall be executed on the basis of the NAV calculated on the closing prices of the following business day. Subscription and redemption requests received on a non-trading day will be executed on the basis of the NAV calculated on the closing prices of the first following trading day.

Subscribers are invited to send their instructions to their financial intermediaries sufficiently in advance to allow them to be transmitted before the 12:00 noon deadline.

Institutions appointed to receive subscriptions and redemptions and in charge of compliance with the centralisation deadline indicated in the paragraph above:

CACEIS Bank and HSBC France as regards customers for whom they ensure custody and management.

Shareholders should be aware that orders transmitted to marketers other than the institutions mentioned above must take account of the fact that the order centralisation deadline applies to said marketers with regard to CACEIS Bank. Accordingly, these marketers may apply their own deadline, prior to the deadline mentioned above, in order to take their time for transmission of orders to CACEIS Bank into account.

NAV calculation date and frequency:

The NAV is calculated daily, except on Saturdays, Sundays, legal holidays in France and the closing days of the French market. Where applicable, the net asset value will be calculated on the basis of the previous day's prices if that day is a trading day. The net asset value is available from the Management Company.

The net asset values may be obtained from the Management Company at the following address:

HSBC Global Asset Management (France)

75,419 Paris cedex 08

▶ **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. Commissions earned by the sub-fund compensate it for the expenses incurred from investing or divesting the assets entrusted to it. Commissions not earned are returned to the management company, marketer, etc.

Charges billed to the investor, deducted at the time of subscriptions and redemptions	Base	Scale rate
		AC and IC shares:
Subscription fee not payable to the sub-fund	NAV × number of shares	max. 2 %
Subscription fee payable to the sub-fund	net asset value × number of shares	None
Redemption commission not paid into the sub-fund	NAV × number of shares	None
Redemption commission paid into the sub-fund	NAV × number of shares	None

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

Cases of exemption: Simultaneous redemption/subscription transactions on the basis of the subscription NAV for a zero balance transaction volume on the same sub-fund are made without charge.

Expenses:

Financial management expenses and external administrative fees of the management company cover all expenses billed directly to the sub-fund, with the exception of transaction fees. Transaction costs include intermediation costs (brokerage, trading taxes, etc.) and the transaction commission, if applicable, which may be received by the depositary 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 sub-fund has surpassed its objectives. Hence the sub-fund is invoiced for them;*
- *transaction commissions billed to the sub-fund;*
- *a share of the income from temporary purchases and sales of securities.*

Should management fees external to the management company be increased 0.10% or less including taxes annually, the shareholders of the sub-fund might be notified any means.

In that event, the management company may not be specifically required to notify shareholders or to offer the optional redemption of their shares without charge.

	Costs billed to the sub-fund	**Base**	**AC shares:**	**IC shares:**
1	Financial management fees	Daily net assets	Maximum 1.20% including taxes	Maximum 0.60% including taxes
2	Administrative charges external to the management company	Daily net assets	Maximum 0.10% including taxes	
3	Maximum indirect charges (commissions and management fees)	Daily net assets	Maximum 0.30% including taxes	
4	Transaction commissions	Deduction from each transaction	None	
5	Performance commission	Daily net assets	None	

<u>Summary description of the process for selecting intermediaries</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. 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 includes the quality of order executions, the rates applied and the financial soundness of each broker or counterparty.

The choice of counterparties and investment firms and service providers of HSBC Global Asset Management (France) is made according to a precise evaluation process intended to guarantee a high-quality service company. This is a key element in the general decision making process which 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 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 establishment**

The sub-fund was created on 30 September 2019.

▶ **ISIN codes:**

AC shares: FR0013443165

IC shares: FR0013443173

▶ **Management objective:**

The management objective of the sub-fund HSBC Responsible Investment Funds - SRI Dynamic is to maximise performance corresponding to diversified investment with high exposure to equity risk, over a recommended investment horizon of at least 5 years. This investment is carried out by selecting securities of companies or countries chosen for their good environmental, social, and governance practices and their financial quality. The long-term strategic allocation is 80% shares and 20% international bonds with a euro bias.

▶ **Benchmark:**

The sub-fund HSBC Responsible Investment Funds – SRI Dynamic does not have a benchmark.

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

▶ **Investment strategy:**

The sub-fund HSBC Responsible Investment Funds – SRI Dynamic is part of a multi-asset SRI range comprising multiple profiles. With a strategic allocation comprised 80% of shares on average, this investment has high exposure to equity market risk.

The sub-fund's sources of performance are:

- The tactical allocation of asset classes;
- The selection of securities meeting financial and non-financial criteria;
- The active management of interest rate risk and credit risk;
- The active management of foreign exchange risk;
- Selection of investment vehicles

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

1) *The tactical allocation between asset classes*:

Asset allocation is a source of added value to the extent that the financial markets have differentiated performance dependent on the economic cycle. For example, periods of slowdown generally lead to negative performance on equity markets and positive performance on bond markets. The tactical allocation therefore becomes vital as it seeks to optimise the portfolio's overall exposure though the combined management of multiple asset classes.

From the strategic allocation comprised 20% of rate instruments, the manager exposes the sub-fund between 10% and 25% to interest rates in order to adapt it to our forecasts and our economic scenario. Therefore, the forecast medium term upward trend in fixed income markets leads to overexposure of the portfolio to this asset class. The extent of the overexposure in relation to the strategic allocation then depends on manager conviction.

2) Assessment and selection of securities in accordance with non-financial criteria

The sub-fund HSBC Responsible Investment Funds – SRI Dynamic is invested, depending on the manager's selections, either in securities issued by companies or countries, or in UCIs managed by the HSBC Group. This first stage of the process involves selecting, in accordance with a 'Best in class' approach and pursuant to Environmental, Social, and Governance (ESG) criteria, the best issues of public or private listed companies within each sector (for example, Energy, and Transport, etc.) Each issue will be assigned 4 ratings: an E rating, S rating, G rating, and a combined rating. The first three are provided by external rating agencies, which endeavour to assess the relevant aspects for the sector to which the rated company belongs. The weapons and tobacco industries are automatically excluded, as are companies that have been proven to have breached one of the 10 principles of the United Nations Global Compact or that have at least two suspected breaches.

With regard to Governance, aspects such as the composition and representativeness of the Board of Directors, the diligence and the level of independence of the directors, transparency with regard to the appointment of senior executive staff, the robustness of audit and control procedures and respect for the rights of minority shareholders are subject to systematic analysis. Assessment of the company's performance in these areas will also, for example, take into consideration the country to which the company belongs, the country in which it is listed and/or the country where it has its registered office. This is because corporate governance practices are very heavily determined by national regulations. However, they will also be evaluated in accordance with international standards like the OECD Guidelines.

Environmental aspects are connected with the nature of the company's activity in its particular sector. Thus, in extractive industries, utilities and aviation, the release of carbon emissions directly associated with the company's activity is of paramount importance: their non-measurement and non-control may represent a major industrial risk and may result in financial penalties and/or major reputational damage. However, in the automotive sector or the electrical equipment manufacturing sector, a company's capacity to invest in the development of products and solutions capable of meeting service expectations shall be assessed, while limiting greenhouse gas emissions during their use phase: hybrid or electric vehicles, intelligent energy efficiency, and regulation systems: 'smart grid'. Finally, certain sectors have only a tenuous direct environmental impact, such as media, and finance, etc.

The third pillar, social, covers concepts linked to relations with civil society, staff management, remuneration and training policy, respect for trade union law, and health and safety in the workplace. The very nature of the company's activity will heavily determine the nature and relative importance of these practices. Thus, in dangerous sectors like construction and mining, prevention of occupational accidents and safety are regarded as priority criteria. On the other hand, in sectors like telecommunications, the fairness of pricing policies applied to customers and data protection are important topics.

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

Equities are rated from 0 to 10. Each security is categorised in one of the 30 ESG sectors established by the Management Company using an initial investment universe that is representative of the strategic allocation.

These 30 ESG sectors place issuers in uniform groups, for which a weighting of the E, S, and G pillars is determined based on comprehensive studies by the analysts, under the responsibility of the global ESG research manager. So that this makes sense, ESG ratings = X% of the E rating + Y% of the S rating + Z% of the G rating will be constructed from the X, Y and Z coefficients specific to each sector. By way of example, financial sectors are characterised by a very heavy weight accorded to governance (G): up to 60% whereas, in sectors with a high environment impact, E can weigh up to 50% of the total rating. The weighting of these X, Y and Z coefficients therefore reflects our knowledge of the various business sectors and their respective ESG impacts. It is the result of work drawing both on our internal research resources and on academic research.

The SRI universe consists in taking account of ESG criteria and classifying companies into quartiles within each sector. The ratings of the SRI universe of the sub-fund HSBC Responsible Investment Funds – SRI Dynamic are updated on a monthly basis.

Securities categorised in the 4th quartile are excluded. A maximum of 15% of net assets may be invested in the 3rd quartile and there are no investment restrictions for securities categorised in the 1st and 2nd quartiles.

The sub-fund's portfolio must be brought into line with changes in quartiles resulting from changes in ratings within two weeks of dispatch of the new SRI universe and at the latest before the end of each calendar month. Exceptionally, however, this period may be extended by a further three months, at the manager's discretion, for companies classified in the fourth quartile.

The sub-fund may invest up to 10% of its assets in securities not rated in accordance with Environmental, Social, and Governance criteria. Unrated securities are those for which our ESG contributor does not supply the data required for calculating the E, S, and G ratings and the combined rating.

The code of transparency applicable to the sub-fund HSBC Responsible Investment Funds – SRI Dynamic, is publicly available on the following website: www.assetmanagement.hsbc.com 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 reflected in visits to companies in the form of individual meetings and exercising our voting policy.

3) Assessment of financial criteria

This stage involves the selection of securities within the defined SRI universe, on the basis of purely financial criteria. We believe that companies that meet all of the financial and non-financial criteria carry out activities consistent with the principles of long-term development.

The stock selection strategy involves researching those companies whose current valuation, in our opinion, does not reflect the structural profitability they are likely to generate under normal conditions. Investment decisions are based on analysis of the fundamentals and valuations.

The bond and debt security selection strategy

- 1- *Active management of interest rate risk*, broken down into sensitivity management and curve strategies. The overall sensitivity of the sub-fund and the curve strategy are decided upon according to the market predictions of the management team concerning respectively the development of interests rates (in the event of an increase in interest rates, the value of fixed-rate bonds drops) and the deformation of the yield curve (exposure to particular points of the curve in order to take advantage of the flattening, steepening or curvature of the yield curve).

- 2- *active management of credit risk*, which constitutes a credit allocation: this allocation between governmental and non-governmental issuers is based on an analysis of the relative value of the non-governmental securities carried out by the management team on the basis of qualitative and quantitative data to value the relative cost of a security: our assessment of the security's value is compared to its market price.

A rigorous selection of issuers on the basis of their risk/return profile, the objective being to minimise the risk to equal return. This selection relies on in-depth knowledge of issuers, linked to the expertise of our credit analysis team.

Furthermore, in order to achieve the management objective, the manager will be able to invest up to 20% in each of the sub-funds HRIF - Europe Equity Green Transition and HRIF - SRI Global Equity of the SICAV Responsible Investment Funds.

Active management of foreign exchange risk: investment decisions in currencies other than the euro are based on an analysis of the macroeconomic context and factors specific to currency markets.

Exposure to currency risk is permitted and may represent up to 10% of the net assets.

This sub-fund is eligible for the equity savings plan.

▶ **Instruments used:**

Equities:

The sub-fund is invested between 75% (minimum) and 90% (maximum) in shares and similar securities traded on French and foreign regulated markets. The sub-fund may invest in the securities of small, mid, and large-cap companies.

The manager may also invest in these instruments via French or European UCIs and/or investment funds.

The Management Company's polices with regard to voting rights is conducted in accordance with the policy submitted to the AMF and available on our website (www.assetmanagement.hsbc.com).

Debt securities and money market instruments:

The sub-fund is invested between 10% (minimum) and 25% (maximum) in fixed-rate bonds (including EMTNs), negotiable debt securities, inflation-linked and floating rate bonds, securitisation vehicles and mortgage bonds.

However, the manager may invest in these instruments via French or European UCIs and/or investment funds.

The sub-fund may invest up to 25% of its net assets in private debt.

Debt securities and money market instruments will be issued by issuers rated Investment Grade upon purchase (rated at least BBB-/Baa3 by Standard and Poor's or an equivalent agency, or deemed equivalent by the Management Company). The rating taken into account is the lower of the two.

The sub-fund is invested in debt securities and short-term money market instruments with a proposed range of between 0% and 10%, the rating of which shall be equal to A1/P1 (Standard & Poor's or an equivalent agency, or deemed equivalent by the Management Company and/or long-term equivalent), used to help achieve the management objective and potentially for cash management.

The Management Company does not exclusively or automatically use the ratings provided by the credit rating agencies and prioritises its own credit risk analysis to assess asset credit quality and in the selection of securities for purchase or sale.

The sub-fund's sensitivity range is between 0 and +2.5. Sensitivity to a bond is the price variation of this bond when interest rates change.

Shares or units of other UCIs or Investment Funds (up to 100% of its net assets):

To help achieve the management objective and for cash management.

☑ UCITS under French or European law:

☑ French General Investment Funds or foreign alternate investment funds;

☑ Other investment funds: Trackers - ETF (Exchange Traded Funds: listed index entities).

The manager may invest in UCIs managed by a HSBC Group entity. These UCIs must meet the established financial and non-financial targets.

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 SRI approaches that are different to and independent from the sub-fund.

Derivatives

Type of markets involved:

☑ regulated;

☑ organised;

☑ over-the-counter.

Risks in which the manager wishes to intervene:

☑ equity;

☑ interest rate;

☑ exchange rates;

☐ credit;

☐ other risks (to be specified).

Type of involvement, all transactions must be limited to the fulfilment of the management objective.

☑ hedging;

☑ exposure;

☐ arbitrage;

☐ other (to be specified)

Type of instruments used:

☑ futures (regulated markets);

☐ options on futures and securities (regulated markets);

☐ equity options (over-the-counter markets);

☐ swaps (over-the-counter instruments);

☑ forward exchange (over-the-counter instruments);

☐ credit derivatives

The sub-fund will not use total return swaps (TRS)

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;

☑ increasing market exposure and definition of maximum authorised leverage: lever 1;

☐ other strategy (to be specified).

Counterparties eligible for transactions on OTC financial futures are selected according to the procedure described in the paragraph: “Brief description of the intermediary selection procedure”.

Financial collateral put in place for OTC financial futures is the subject of a financial collateral policy available on the management company’s website.

These transactions may be carried out with counterparties selected by the management company among financial institutions that have their registered office in an OECD member country. These counterparties may be companies linked to the HSBC Group.

These counterparties must of good credit quality and in all cases the minimum rating is BBB- on Standard & Poor’s scale or equivalent, or have a rating deemed to be equivalent by the management company.

This financial collateral policy specifies:

- The haircut applicable to financial collateral. It depends on the security’s volatility, 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, Negotiable European Commercial Paper, and debt securities/bonds issued by private issuers.

Financial collateral 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. 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 consisting of cash must be:

- deposited with credit institutions whose registered office is located in an OECD member State or a third party State having equivalent prudential rules,
- invested in high-quality government bonds,
- invested in reverse repurchase agreements in which the counterparty is a credit institution subject to prudential supervision and for which the sub-fund may recall the cash at any time;
- invested in "short-term money market" UCI.

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

Securities with embedded derivatives (up to 25% of net assets)

Risks in which the manager intends to trade:

☐ equity;

☑ interest rates;

☑ exchange rates;

☑ credit;

☐ other risk (to be specified).

Types of transactions and description of all operations that must be limited to the achievement of the investment objective. :

☑ hedging;

☑ exposure;

☑ arbitrage;

☐ other (to be stipulated).

Type of instruments used: EMTNs, callable/puttable bonds

Embedded derivatives are used as an alternative to direct investment in pure derivatives.

Deposits

By reference to the Monetary and Financial Code, deposits contribute to the fulfilment of the sub-fund management objective by allowing for cash management.

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

Cash loans

Exceptionally, the sub-fund may be temporarily indebted and have recourse to borrow cash up to an amount equal to 10% of the assets in order to make an investment in anticipation of a market rise or, on a more temporary basis, for significant redemptions.

Temporary purchases and sales of securities

The sub-fund may not carry out any temporary security acquisition and disposal transactions.

The management company's policy in terms of voting rights is in line with the policy available on our website (www.assetmanagement.hsbc.com/fr).

▶ **Risk profile:**

Investors' money will be primarily invested in financial instruments selected by the Management Company. These instruments will be subject to market fluctuations and risks.

Main risks:

- Discretionary management risk: the sub-fund's discretionary management approach is based on anticipating trends for the various markets and securities. There is a risk that the sub-fund will not always be invested in the highest performing markets and securities.

- Risk of capital loss: there is a risk that the capital initially invested may not be recovered in full.

- Interest rate risk: the portion of the portfolio invested in fixed income instruments may be impacted by falls or rises in interest rates. When long-term interest rates rises, bond prices fall. These movements may cause the net asset value to fall.

- Credit risk: when fixed income instruments are invested in securities issued by private issuers, the risk of a potential downgrading of an issuer's credit rating may negatively impact the price of the security. The sub-fund's net asset value may fall as a result.

- Equity risk: a fall in the share price may cause the sub-fund's net asset value to fall. During periods of significant equity market volatility, the exposure of the sub-fund to these same markets may cause the sub-fund's net asset value to fall. Investors are reminded that small-cap markets are intended for companies that, due to their low level of capitalisation, may fluctuate and cause the value of the sub-fund's investments to fall. Investment in small and mid-cap companies can result in larger and faster declines in the value of the fund.

- Risk linked to the use of forward financial instruments: the use of forward financial instruments may increase or decrease the sub-fund's volatility and have a positive or negative impact on the net asset value.

- Ancillary risks:

- Foreign exchange risk*:* Foreign exchange risk is the risk of investment currencies falling in relation to the portfolio's reference currency. Currency fluctuations in relation to the reference currency may cause the value of these instruments, and consequently the sub-fund's net asset value, to fall.

- Inflation risk: the sub-fund does not present any systematic protection against inflation, i.e., the increase in the general level of prices over a given period. The performance of the UCITS, measured in real terms, will thus be reduced proportionally to the inflation rate observed over the reference period.

- Risk of potential conflicts of interest: the risk of conflicts of interest, in the context of transactions involving financial contracts and/or temporary purchases and sales of securities, may exist where the intermediary used to select a counterparty, or the counterparty itself, has a direct or indirect capital-based link to the Management Company or to the depositary. Management of this risk is described in the 'Conflict of interest policy' developed by the management company and available on its website.

- 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 delivery, payment, and repayment commitments. In that event, the counterparty's failure could lead to a decline in the sub-fund's NAV. This risk is reduced by the establishment of financial collateral between the sub-fund and the counterparty, as described in the Investment Strategy.

- Risk associated with financial collateral management: investors may be exposed to a legal risk (associated with legal documents, application of the contracts and their limits), an operational risk, and the risk linked to the reuse of cash received as collateral, as the sub-fund's net asset value may fluctuate according to the fluctuation in the value of the securities acquired by investing the cash received as collateral. In exceptional market circumstances, investors may also be exposed to liquidity risk, which may, for example, make it difficult to trade certain securities. Investors may be exposed to a legal risk linked to legal documentation, the enforcement of contracts, and the limits thereof, along with operational risk and the risk associated with the reuse of cash received as collateral, as the net asset value of the sub-fund may change in line with fluctuations in the value of the securities acquired by investing the cash collateral received. In exceptional market circumstances, investors may also be exposed to liquidity risk, which may, for example, make it difficult to trade certain securities.

- Securitisation risk: For these instruments, the credit risk is largely determined by the quality of the underlying assets, which may vary in nature (bank debt, debt securities, etc.). These instruments are structurally complex, potentially resulting in legal risks and risks specific to the features of the underlying assets. The realisation of these risks may result in a decrease in the NAV of the sub-fund.

- Liquidity risk: certain markets on which the sub-fund trades may occasionally be affected by a lack of liquidity. This may impact the price conditions in which the sub-fund values, initiates, modifies, or liquidates its positions.

▶ Guarantee or protection:

None

▶ Subscribers concerned and standard investor profile:

AC shares: all subscribers

IC shares: open to all subscribers but more specifically intended for institutional investors

This product is intended more specifically for subscribers seeking a diversification instruction combining shares and bonds that meet high standards in the area of Sustainable Development, while maintaining a long-term performance objective.

The recommended investment period is more than five years.

Shareholders are therefore invited to contact their client relations adviser or usual adviser if they wish to make an analysis of their personal situation. This analysis may, depending on the case, be billed by his or her advisor and shall no in no way be borne by the sub-fund or the management company.

In any event, investors are strongly recommended to diversify their investments sufficiently so as not to expose themselves solely to the risks of this sub-fund.

▶ Calculation and allocation of distributable amounts:

In accordance with regulatory provisions, net earnings for the financial year equals the amount of interest, arrears, dividends, premiums, bonuses, and directors' fees, as well as all income relating to securities that constitute the sub-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 earnings plus retained earnings, plus or minus the balance of accrued income;

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

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

Distributable amounts	Shares
Net earnings (1)	Accumulation
Net capital gains realised (2)	Accumulation

Characteristics of the shares:

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 change from one category of shares to another or from one sub-fund to another is considered a disposal and thus likely to be taxable.

Subscription and redemption modalities:

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 + 1 business day	D + 1 business day	D + 1 business 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	Redemption settlement

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

Subscription and redemption requests are transmitted every day at noon, Paris time. They are executed on the basis of the NAV calculated on the day's closing prices.

Subscription and redemption requests after 12:00 noon shall be executed on the basis of the NAV calculated on the closing prices of the following business day. Subscription and redemption requests received on a non-trading day will be executed on the basis of the NAV calculated on the closing prices of the first following trading day.

Subscribers are invited to send their instructions to their financial intermediaries sufficiently in advance to allow them to be transmitted before the 12:00 noon deadline.

Institutions appointed to receive subscriptions and redemptions and in charge of compliance with the centralisation deadline indicated in the paragraph above:

CACEIS Bank and HSBC France as regards customers for whom they ensure custody and management.

Shareholders should be aware that orders transmitted to marketers other than the institutions mentioned above must take account of the fact that the order centralisation deadline applies to said marketers with regard to CACEIS Bank. Accordingly, these marketers may apply their own deadline, prior to the deadline mentioned above, in order to take their time for transmission of orders to CACEIS Bank into account.

NAV calculation date and frequency:

The NAV is calculated daily, except on Saturdays, Sundays, legal holidays in France and the closing days of the French market. Where applicable, the net asset value will be calculated on the basis of the previous day's prices if that day is a trading day. The net asset value is available from the Asset Management company.

The net asset values may be obtained from the Management Company at the following address:

HSBC Global Asset Management (France)

75,419 Paris cedex 08

▶ **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. Commissions earned by the sub-fund compensate it for the expenses incurred from investing or divesting the assets entrusted to it. Commissions not earned are returned to the management company, marketer, etc.

Charges billed to the investor, deducted at the time of subscriptions and redemptions	Base	Scale rate
		AC and IC shares:
Subscription fee not payable to the sub-fund	NAV × number of shares	max. 2 %
Subscription fee payable to the sub-fund	NAV × number of shares	None
Redemption commission not paid into the sub-fund	NAV × number of shares	None
Redemption commission paid into the sub-fund	NAV × number of shares	None

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

Cases of exemption: Simultaneous redemption/subscription transactions on the basis of the subscription NAV for a zero balance transaction volume on the same sub-fund are made without charge.

Expenses:

Financial management expenses and external administrative fees of the management company cover all expenses billed directly to the sub-fund, with the exception of transaction fees. Transaction costs include intermediation costs (brokerage, trading taxes, etc.) and the transaction commission, if applicable, which may be received by the depositary 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 sub-fund has surpassed its objectives. Hence the sub-fund is invoiced for them;*
- *transaction commissions billed to the sub-fund;*
- *a share of the income from temporary purchases and sales of securities.*

Should management fees external to the management company be increased 0.10% or less including taxes annually, the shareholders of the sub-fund might be notified any means.

In that event, the management company may not be specifically required to notify shareholders or to offer the optional redemption of their shares without charge.

	Costs billed to the sub-fund	**Base**	**AC shares:**	**IC shares:**
1	Financial management fees	Daily net assets	Maximum 1.35% including taxes	Maximum 0.70% including taxes
2	Administrative charges external to the management company	Daily net assets	Maximum 0.10% including taxes	
3	Maximum indirect charges (commissions and management fees)	Daily net assets	Maximum 0.30% including taxes	
4	Transaction commissions	Deduction from each transaction	None	
5	Performance commission	Daily net assets	None	

<u>Summary description of the process for selecting intermediaries</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. 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 includes the quality of order executions, the rates applied and the financial soundness of each broker or counterparty.

The choice of counterparties and investment firms and service providers of HSBC Global Asset Management (France) is made according to a precise evaluation process intended to guarantee a high-quality service company. This is a key element in the general decision making process which 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 depositary.

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

4. Commercial information on the SICAV

All information concerning the SICAV may be obtained by contacting the marketer directly.

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 and governance quality contained in this SICAV's investment policy is available on HSBC Global Asset Management's website at the following address: www.assetmanagement.hsbc.com/fr and in the open-ended SICAV's annual report.

5. Investment rules for SICAVs

The statutory investment rules applying to this SICAV are those that govern UCITS under Directive 2009/65/EC in addition to those applying to its AMF classification.

6. Global risk for SICAVs

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

7. Asset posting and evaluation rules of the SICAV

The asset valuation rules applied by the accounting manager are the following, depending on the instruments held in the sub-fund:

The sub-fund has adopted the euro as its reference currency.

The prices used for the valuation of securities traded on the stock exchange are the closing prices.

The prices applied for the valuation of bonds are an average contributor.

UCI are valued at the last known price.

Negotiable debt securities whose residual lifespan is in excess of 3 months are valued, in the absence of a contribution, at the market rate with the exception of variable or adjustable rate debt securities with no particular sensitivity to the market.

A simplified method known as "linearisation" is applied for negotiable debt securities whose residual lifespan is less than 3 months with no particular sensitivity to the market on the basis of the crystallised three-month rate.

Pensions are valued during the contract.

Forward transactions, firm or conditional, or OTC swaps, authorised by the regulation applicable to investment funds, are valued at market value or at a value estimated in accordance with the arrangements laid down 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.

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 valuation of interest-rate swaps against share performance is carried out:

- under market conditions for the fixed income branch

- according to the underlying security rate for the equity branch.

The valuation of credit default swaps (CDS) stems from a model populated by market spreads.

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

- FUTURES

(Qty x Nominal x Daily rate x Contract currency)

- OPTIONS

(Qty x delta) x (Nominal of the underlying instrument x Daily rate of the underlying instrument x Contract currency).

As far as swaps are concerned, the off-balance-sheet commitment corresponds to the nominal value of the contract plus or minus the interest differential and the unrealised capital gain or loss noted on the closing date.

Interest is booked according to the cashed coupon method.

Additions to the portfolio are recorded at their acquisition price excluding fees.

Transaction fees are stated in the specific accounts of each of the sub-funds and are not added to the price.

Financial instruments whose prices have not been determined on the valuation day, or whose prices have been adjusted, are valued under the Management Company's responsibility at their probable trading price. 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.

Recognition method

Revenue from financial instruments is booked according to the cashed coupon method.

Transaction fees are stated in the specific sub-fund accounts and are not included in the price.

Purchases and sales of securities are recorded exclusive of costs.

Swing pricing mechanism

The Management Company implemented a swing pricing mechanism for each of the sub-funds with a trigger threshold, for the purposes of safeguarding the interest of the shareholders of each of the sub-funds.

Under this mechanism, in the event of significant volumes of subscriptions and redemptions, investors bear the portfolio redistribution costs related to investment or divestment that may result from transaction costs, purchase-sale spreads, taxes, and levies applicable to the UCI.

Where the net balance of subscription and redemption orders is higher than a pre-defined threshold, known as the trigger threshold, an adjustment is applied to the net asset value.

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 net assets of the sub-fund.

The trigger threshold parameters and net asset value adjustment factor are determined by the Management Company and reviewed periodically.

The adjusted value, known as the "swung" net asset value, is the only net asset value of the sub-fund concerned and therefore is the only one communicated to shareholders and published.

As a consequence of the swing pricing mechanism with a trigger threshold, the volatility of the UCI cannot result solely from that of the financial instruments held in the portfolio.

In accordance with the regulatory provisions, the Management Company does not communicate the trigger threshold levels and ensures that internal communication channels are restricted so as to maintain the confidential nature of the information.

Alternative practical methods in exceptional circumstances:

Since the NAV is calculated by an external service provider, any potential problems with information systems used by the management company will not affect the sub-fund's capacity 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 of the provider and determine at its own behest the NAV of the sub-fund.

However, the redemption by the sub-fund of its equities and the issuance of new shares may be temporarily suspended by the management company according to Article L214-8-7 of the Monetary and Financial Code where required by exceptional circumstances and if required by the interest of shareholders.

Exceptional circumstances are defined in particular as any period during which:

a) Negotiations in one of the markets in which a significant proportion of investments in the sub-fund are generally negotiated are suspended or one of the methods generally used by the management company or its agents to value investments or determine the NAV of the sub-fund is temporarily withdrawn, or

b) The valuation of the financial instruments held by the sub-fund cannot be completed according to the management company for another reason in a reasonable, rapid, fair manner, or

c) Exceptional circumstances mean that, according to the management company, it is not reasonably possible to realise all or some of the assets in the sub-fund or to intervene in the investment markets of the sub-fund, or if this is not possible without seriously harming the interests of shareholders in the sub-fund, notably in the case of a force majeure event which temporarily deprives the management company of its management systems, or

d) Transfers of funds required for the realisation or payment of assets in the sub-fund or for the execution of subscriptions or redemptions of shares in the sub-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, the shareholders will be informed as soon as possible by means of a press notification. The information shall be provided beforehand to the French AMF.

VIII. Remuneration:

The management company HSBC Global Asset Management (France) 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 defined to reflect the economic strategy, objectives, values and interests of the management company within the HSBC Group, and the investment funds managed and their shareholders.

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

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 on the website at the following address: www.assetmanagement.hsbc.com/fr or, at no cost, by requesting a copy in writing from the management company.

• *Approved by the AMF on:*	*11 October 1968*
• *Formation date:*	*02 December 1968*
• *Updated on:*	*11 February 2020*