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 (OEIC) with compartments governed by French law.

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

OEIC 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 inception and expected life span:

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

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

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

- **HSBC SRI GLOBAL EQUITY**, established on 19 November 1999 as the HSBC RESPONSIBLE INVESTMENT FUNDS – SRI GLOBAL EQUITY subfund

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

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

The subfunds below 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 offer:

- **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	EUR	1 thousandth of a share	All subscribers

|PUBLIC|

		and/or distribution, on the management company's decision each year			
IC	FR0011235340	Accumulation	EUR	100,000 euros*	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 euros*	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	Accumulation	EUR	1 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	Accumulation	Euro	1 thousandth of a share	All subscribers
IC	FR0013443140	Accumulation	Euro	€100,000	All subscribers, especially institutional investors.
RC	FR0013443157	Accumulation	Euro	1 thousandth of a share	Reserved for 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	Accumulation	Euro	1 thousandth of a share	All subscribers
IC	FR0013443199	Accumulation	Euro	€100,000	All subscribers, especially institutional investors.

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

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

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

The OEIC 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 OEIC.

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

II. Principals

▶ OEIC:

HSBC Responsible Investment Funds

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

Composition of the Board of Directors:

Information 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 OEIC, 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
Portfolio management company approved under no. GP99026 by the French financial markets authority (AMF) on 31 July 1999

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

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

▶ Depositary and custodian:

CACEIS Bank

Public limited company, credit institution approved by the ACPR (French prudential supervision and resolution authority), and investment services credit institution
Company address: 1/3 place Valhubert - 75013 – Paris, France
Postal address: 75206 Paris Cedex 13

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.

▶ **Subscription and redemption order centralisation agent appointed by the Management Company:**

CACEIS Bank

Public limited company, credit institution approved by the ACPR (French prudential supervision and resolution authority), and investment services credit institution

Company address: 1/3 place Valhubert 75013 Paris

Postal address: 75206 Paris Cedex 13
The depositary is also responsible, as appointed by the management company, for management of the OEIC's liabilities, which covers the pooling of subscription and redemption orders for and holding the issuing account of the OEIC's shares.

▶ **Statutory auditor:**

Ernst & Young et Autres

Tour First

TSA 14444

92037 Paris – La Défense Cedex

Represented by Mr Youssef Boujanoui

▶ **Marketer(s):**

HSBC Global Asset Management (France)

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

▶ **Delegates:**

<u>Administrative and Accounting Manager</u>

CACEIS Fund Administration

Company address: 1/3 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 OEIC and the production of interim documents.

III. <u>Operating and management methods</u>

3.1 General characteristics:

These general characteristics are general provisions for all the compartments of the OEIC.

▶ **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 OEIC, the decisions made by the Board of Directors of the OEIC 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.

Fractional shares: 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 OEIC 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 OEIC.

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

The following subfunds are eligible for the PEA (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, any gains and income from holding shares of the OEIC may be subject to taxation. We would recommend that you contact the OEIC marketer for further information on this matter.

Regulations for Automatic Exchange of Tax Information:

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 practice adopted pursuant to any intergovernmental agreement concluded in relation to the implementation of these Sections of the US Code. FATCA was implemented in France through the signing of the intergovernmental 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 how the shares are held.

▶ Restrictions on the issuance and redemption of shares for US Persons

Shares of the OEIC may not be offered or sold to any US person. For the purposes of this restriction, the term "US person" ("USP") refers to:

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

2. An entity:

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

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

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

- and that is directly or indirectly owned by one or more USP, in respect of which these USPs (unless they are defined as Qualified Eligible Persons under Regulation 4.7(a) of the CFTC) hold in total, directly or indirectly, an equity interest of 10% or more; or

- if a USP is the general partner, managing partner, or managing director or has another function with the power to direct the activities of the entity; or

- was incorporated by or for a USP mainly in order to invest in securities that are not registered with the SEC; or

- more than 50% of whose equity securities with voting rights or equity securities without voting rights are held directly or indirectly by USPs; or

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

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

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

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

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

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

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

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

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

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 OEIC, shareholders become a US Person, they shall be prohibited from (i) making additional investments in the OEIC, and (ii) their shares shall be the subject of a forced redemption as soon as possible by the OEIC (subject to the provisions of the applicable law).

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

▶ Restrictions on the issuance and redemption of units for Canadian persons

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

4. A limited partnership, if

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

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

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

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

3.2 Special provisions:

HSBC RESPONSIBLE INVESTMENT FUNDS - HSBC EUROPE EQUITY GREEN TRANSITION

▶ **Date of creation**

The compartment 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 management objective of the subfund is to maximise performance over the recommended investment period of 5 years by investing a minimum of 75% of its assets in a portfolio of equities issued by companies that are significantly and actively invested in the green transition theme. Companies in the portfolio are selected for their good environmental, social, governance practices and their financial quality.

▶ **Benchmark:**

The compartment has no benchmark but for information purposes, the compartment 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 capitalizations in the eurozone 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 indexes maintained by the European Securities and Markets Authority (ESMA).

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

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

▶ **Investment strategy:**

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

The non-financial analysis rate of at least 90% is applied to the subfund's eligible assets.

The portfolio is constructed as follows:

1) Definition of the universe of securities eligible for the green transition

On the basis of a fundamental analysis and according to a thematic approach, companies eligible for the subfund are identified in particular by assessing the participation of these companies in activities consistent with the green transition or by identifying companies with a proactive approach to the issue associated with this theme. This process is based on the study of sources of revenue generated through these activities. This universe represents at least 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 primarily involved in the exploration, production, and exploitation of fossil fuels as well as nuclear energy are excluded from the portfolio.

The tobacco and arms sectors are systematically excluded, as well as all companies having clearly violated one, or with at least two presumed violations, of the ten principles of the United Nations Global Compact.

2) Portfolio diversification

Once the thematic universe has been defined, the subfund can expand the investment universe to include securities from all sectors while respecting the aforementioned exclusion rules. The chosen companies will be selected either for their indirect link with the green transition theme or for their financial nature, with a view to good risk control. The diversification segment cannot represent more than 25% of the portfolio.

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

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

The previously identified companies are all studied and selected according to ESG criteria.

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

Each company receives four ratings: an E rating, an S rating, a G rating and an aggregated 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 three ratings are aggregated to form an ESG rating, making it possible to rank companies.

The securities are rated from 0 to 10. Each security is associated with one of 30 ESG sectors that were determined by the Management Company based on an initial universe of 600 stocks of all capitalisations from the eurozone 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, rating companies, and classifying them into quartiles within each sector.

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

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

The SRI universe ratings of the HSBC Responsible Investment Funds - Europe Equity Green Transition subfund are updated each month.

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

Up to 10% of the subfund's net assets may be invested in stocks not rated according to Environmental, Social, and Governance criteria. Non-rated stocks are stocks for which our ESG contributor does not provide the essential data for calculating the E, S, and G data and the combined rating.

4) Determination of the final portfolio

This step consists in analysing securities within the filtered universe according to a fundamental financial analysis. Investment decisions are based on analysis of fundamentals and valuations.

The transparency code for the HSBC Responsible Investment Funds - Europe Equity Green Transition subfund is available to the public online at www.assetmanagement.hsbc.com/fr and provides detailed information on the "green transition" approach and the integration of the ESG criteria of the subfund. This information is also available in its annual report.

Information on the ESG quality criteria in the investment policy of this subfund is available on HSBC Global Asset Management's website at the following address:
(www.assetmanagement.hsbc.fr/fr).

The Management Company has also put in place a policy of engagement reflected in particular in visits to companies in the form of individual meetings and exercising our voting policy. This policy and the reports concerning the engagement and voting activities are available on the Management Company's website (www.assetmanagement.hsbc.fr/fr).

▶ **Instruments used:**

Equities:

At all times, at least 90% of the subfund's assets are invested in equities of companies of countries of the European Union, the United Kingdom, and the European Free Trade Association (EFTA) of all capitalisation sizes. Emerging European markets may represent 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 compartment 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 compartment 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.

- ☑ French or European UCITS;
- ☑ French retail investment funds or foreign hedge funds;
- ☑ other investment funds: trackers - ETFs.

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

Derivatives

The compartment does not use derivatives.

Securities with embedded derivatives

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

Fund manager's target risks:

- ☑ action taken for hedging and/or exposure purposes;
- ☐ interest rates;
- ☐ currency;
- ☐ credit;
- ☐ other risk (specify).

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

☑ hedging;

☑ exposure;

☐ arbitrage;

☐ other (specify).

Deposits

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

Deposits may account for up to 10% of the compartment'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 compartment 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 compartment relies upon anticipating developments in different markets and securities. There is a risk that the compartment will not always be invested in the highest performing markets and securities.

- Equity risk: The compartment 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 compartment to highly volatile equity markets comprises between a minimum of 90% to 100%, the compartment NAV may decline significantly. Subscribers are advised that small-cap markets include companies that, due to their low capitalisations, may fluctuate and thus decrease the value of the subfund's investments. Investment in small and mid-caps may result in a sharper and faster decline in the fund's value.

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

Incidental 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 compartment's NAV is liable to move in the opposite direction to the interest rates in question.

- Credit risk: The compartment 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 assets and in the selection of securities to buy or sell.

- Liquidity risk: Some markets on which the compartment trades may occasionally be affected by a lack of liquidity. This may impact the price conditions in which the compartment 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 than those made in developed countries.

The risk factors outlined above are not exhaustive. Investors are responsible for analysing the risk inherent in such an investment and for forming 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 is appropriate for their financial position.

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

1. As a financial market participant, the Investment Manager is subject to Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector.

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

Sustainability risk is an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

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

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

The sustainability risk policy can be found on HSBC Global Asset Management website: www.assetmanagement.hsbc.fr/fr.

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

The potential impacts of sustainability risks on the subfund performance will also depend on the investments made by the Fund and the materiality of sustainability risks. The likelihood that sustainability risks will occur should be mitigated by the relevant Investment Manager's approach to integrating sustainability risks in its investment decision-making process as outlined in the Policy. The potential impacts of sustainability risks on the performance of Funds that use ESG criteria are further mitigated. However, there is no guarantee that these measures will completely mitigate or prevent the occurrence of sustainability risks for these Funds. As a result, the likely impact on Fund performance of an actual or potential material decline in the value of an investment due to a sustainability risk will vary and depend on several factors.

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

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

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. The compartment 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 compartment 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 compartment 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 not in no way be borne by the compartment 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 compartment.

▶ **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 compartment's portfolio, plus income from temporary cash holdings, minus management fees and borrowing costs.

The amounts distributable by a UCITS consist of:

1. The net income, plus retained earnings, plus or minus the balance of accrued income;

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

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

Distributable amounts	AC, IC, ZC et BC shares	AD and ID shares	K C-D shares
Net earnings (1)	Accumulation	Distribution	Accumulation and/or distribution, on the management company's decision each year
Net realised 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 Management Company's decision if the subfund's accounting result permits it.

Characteristics of the shares:

The 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 euros

IC shares: 10,000 euros

ID shares: 10,000 euros[1]

K C-D shares: 1,000 euros

ZC shares: 1,000 euros[2]

BC shares: 100 euros

Minimum initial subscription amount:

AC and AD shares: 1 thousandth of a share

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

ID shares: 100,000 euros

Shares K C-D: 1,000,000 euros

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

ZC shares: 1 thousandth of a share

BC shares: 1 thousandth of a share

The change from one category of shares to another or from one compartment 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

*Unless a specific deadline has been agreed with your financial institution

Subscription and redemption requests are centralised 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.

Subscribers are urged to send their instructions to their financial intermediary far enough in advance to allow them to be placed 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 Continental Europe 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)

Cœur Défense, 110, esplanade du Général de Gaulle
La Défense 4 - 92400 Courbevoie

▶ **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 subfund 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 AD shares:	IC and ID shares:	K C-D shares:	ZC shares:	BC shares:
Subscription commission not paid into the compartment	net asset value × number of shares	3% maximum	3% maximum	6% maximum	6% maximum	3% maximum
Subscription commission paid into the compartment	net asset value × number of shares	None				
Redemption commission not paid into the compartment	net asset value × number of shares	None				
Redemption commission paid into the compartment	net asset value × number of shares	None				

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

<u>Cases of exemption:</u> Simultaneous redemption/subscription transactions on the basis of the subscription NAV for a zero balance transaction volume on the same compartment are made without charge.

Expenses:

Financial management expenses and external administrative fees of the management company cover all expenses billed directly to the compartment, 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 compartment has surpassed its objectives. They are therefore charged to the compartment;*
- *transaction commissions billed to the compartment;*
- *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 compartment 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 compartment	Base	Scale rate				
			AC and AD: shares:	IC and ID shares:	K C-D shares:	ZC shares:	BC shares:
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	Activity fees	Deduction from each transaction	None				
5	Performance commission	Daily net assets	None				

** The compartment 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 compartment, 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 subfund.

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 include 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 specific 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 to the UCITS's depositary.

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

HSBC RESPONSIBLE INVESTMENT FUNDS - SRI GLOBAL EQUITY

▶ Date of creation

The compartment 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 subfund's management objective is to be exposed to the international equity market by selecting corporate stocks selected 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 HSBC Responsible Investment Funds - SRI Global Equity subfund does not have a benchmark index. This is because there is no benchmark index representative of our management philosophy and therefore of our investment universe.

For your information, the subfund may be compared with broad indexes 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 indexes kept by the ESMA.

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

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

▶ **Investment strategy:**

The compartment 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.

The non-financial analysis rate of at least 90% is applied to the subfund’s eligible assets.

1. Extra-financial criteria:

The first stage of the process consists in selecting, in accordance with a best-in-class approach and observing environmental, social and governance (ESG) criteria, the best companies in each sector (for example: energy, transport, etc.). Each company receives four ratings: an E rating, an S rating, a G rating and an aggregated 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 tobacco and arms sectors are systematically excluded, while the thermal coal sector is partially excluded for electricity generation (companies generating more than 10% of their turnover from electricity generated using thermal coal) and totally excluded for thermal coal extraction companies. All companies having clearly violated one, or with at least two presumed violations, of the ten principles of the United Nations Global Compact are systematically excluded.

As regards governance, aspects such as the structure and representativeness of the board of directors, the attendance rate and level of independence of the directors, transparency concerning the method for setting the remuneration of senior executives, the robustness of audit and control processes and observance of the rights of minority shareholders are systematically analysed. 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. On the other hand, in the automotive sector or electrical equipment production, the company’s ability to invest in developing products and solutions suited to providing the expected service will be evaluated while at the same time limiting greenhouse gas emissions when being used: hybrid or electrical vehicles, intelligent systems for regulating and optimising energy consumption: smart grid. Finally, certain sectors have a very tenuous direct environmental impact like media and finance. 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. However, in sectors like telecommunications, the equity 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.

The securities 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.

The SRI universe consists in taking account ESG criteria and ranking companies in quartiles within each sector. The SRI universe ratings of the HSBC Responsible Investment Funds - SRI Global Equity subfund are updated monthly.

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.

According to this stock-picking methodology, within the same sector, at least 25% of companies are excluded.

The compartment'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 transparency code for the HSBC Responsible Investment Funds - SRI Global Equity subfund is available to the public online at www.assetmanagement.hsbc.fr/fr and provides detailed information on the subfund'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 particular in visits to companies in the form of individual meetings and exercising our voting policy. This policy and the reports concerning the engagement and voting activities are available on the Management Company's website (www.assetmanagement.hsbc.fr/fr).

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 constructed by overweighting the stocks with the best scores while avoiding concentration in one sector, country, or region.

▶ Instruments used:

Equities:

At all times, subfund assets are invested with 75% minimum exposure in international equities

The compartment may invest incidentally in securities of non-OECD developed countries including emerging ones. The compartment 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.

☑ French or European UCITS;

☑ French retail investment funds or foreign hedge funds;

☑ other investment funds: trackers - ETFs.

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

Derivatives

The management shall not use derivatives.

Exchange rate risk against the euro is not systematically hedged.

Securities with embedded derivatives

The compartment does not use instruments which include derivatives.

Deposits

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

Deposits may account for up to 10% of the compartment's net assets.

Cash loans

Exceptionally, the compartment 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 compartment may not carry out any temporary security acquisition and disposal transactions.

The Management Company's voting rights policy is available on our website (www.assetmanagement.hsbc.fr/fr).

Summary by instrument type:

Type of instruments	Proposed uses	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 compartment or a related company.	0-10%	0-10%

▶ Risk profile:

This compartment is influenced by fluctuations in the international equity markets, so it has 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 compartment relies upon anticipating developments in different markets and securities. There is a risk that the compartment will not always be invested in the highest performing markets and securities. This compartment'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 compartment 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 compartment'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 compartment. The maximum share of the assets exposed to currency risk is 100%.

Incidental risks:

- Credit risk: The compartment 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 assets and in the selection of securities to buy 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 compartment'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). The management of this risk is described in the "Conflict of interest policy" established 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: Some markets on which the compartment trades may occasionally be affected by a lack of liquidity. This may impact the price conditions in which the compartment values, initiates, modifies, or liquidates its positions.

The risk factors outlined above are not exhaustive. Investors are responsible for analysing the risk inherent in such an investment and for forming 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 is appropriate for their financial position.

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

1. As a financial market participant, the Investment Manager is subject to Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector.

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

Sustainability risk is an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

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

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

The sustainability risk policy can be found on HSBC Global Asset Management website: www.assetmanagement.hsbc.fr/fr.

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

The potential impacts of sustainability risks on the Fund performance will also depend on the investments made by the Fund and the materiality of sustainability risks. The likelihood that sustainability risks will occur should be mitigated by the relevant Investment Manager's approach to integrating sustainability risks in its investment decision-making process as outlined in the Policy. The potential impacts of sustainability risks on the performance of Funds that use ESG criteria are further mitigated. However, there is no guarantee that these measures will completely mitigate or prevent the occurrence of sustainability risks for these Funds. As a result, the likely impact on Fund performance of an actual or potential material decline in the value of an investment due to a sustainability risk will vary and depend on several factors.

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

▶ **Guarantee or protection:**

None

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

AC shares: all subscribers

IC shares: all subscribers, but especially intended for institutional clients.

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 not in no way be borne by the compartment 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 compartment.

▶ **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 compartment's portfolio, plus income from temporary cash holdings, minus management fees and borrowing costs.

The amounts distributable by a UCITS consist of:

1. The net income, plus retained earnings, plus or minus the balance of accrued income;

2. Realised capital gains, net of costs, minus realised capital losses, net of costs, recognised during the financial year, plus net capital gains of the same type recognised during prior financial years that were not the subject of any distribution or accumulation, and minus or plus 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	**Equities**
Net earnings (1)	Accumulation
Net realised capital gains (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 fund for classes created before 12 July 2019):

AC shares: 150 euros.

IC shares: 10,000 euros.

ZC shares: 1,000 euros.

JC shares: 1,000 euros.

BC shares: 100 euros.

IT shares: 10 euros.

Minimum initial subscription amount:

AC shares: 1 thousandth of a share.

IC shares: 100,000 euros.

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 compartment 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

*Unless a specific deadline has been agreed with your financial institution

Subscription and redemption requests are centralised 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.

Subscribers are urged to send their instructions to their financial intermediary far enough in advance to allow them to be placed before the 12:00 noon deadline.

Subscription and redemption of the JC unit:

Day D trading day	Day D trading day	D trading day: the established date of the NAV	D + 1 business day	D + +2 business days	D + +2 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.

Subscription and redemption requests are transmitted 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.

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

Subscribers are urged to send their instructions to their financial intermediary far enough in advance to allow them to be placed 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 compartment'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 Continental Europe 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)

Cœur Défense, 110, esplanade du Général de Gaulle
La Défense 4 - 92400 Courbevoie

▶ **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 subfund 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, IC and BC shares	**ZC shares:**	**JC and IT shares**
Subscription commission not paid into the compartment	net asset value × number of shares	3% maximum	6% maximum	None
Subscription commission paid into the compartment	net asset value × number of shares	None		
Redemption commission not paid into the compartment	net asset value × number of shares	None		

Redemption commission paid into the compartment	net asset value × 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 compartment are made without charge.

Expenses:

Financial management expenses and external administrative fees of the management company cover all expenses billed directly to the compartment, 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 compartment has surpassed its objectives. Hence the compartment is invoiced for them;*
- *transaction commissions billed to the compartment;*
- *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 compartment 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 compartment	**Base**	**Scale rate**			
			AC shares	**IC, BC, and IT shares**	**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	Activity fees	Deduction from each transaction	None			
5	Performance commission	Daily net assets	None			

** The compartment 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 compartment, 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 compartment.

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 include 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 specific 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 to the UCITS's depositary.

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

HSBC RESPONSIBLE INVESTMENT FUNDS - SRI EUROLAND EQUITY

▶ Date of creation

The compartment 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 share: FR0013234960

▶ Classification:

Equities from eurozone countries

▶ Management objective:

The management objective of the HSBC Responsible Investment Funds - SRI Euroland Equity subfund is to maximise performance by investing in corporate securities selected on the basis of their ESG best practices and financial quality over a recommended investment horizon of at least five years.

▶ Benchmark:

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

This is because there is no benchmark index representative of our management philosophy and therefore of our investment universe.

For your information, the subfund may be compared with broad indexes 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 dividends reinvested by Morgan Stanley Capital Index (Datastream code: MSEMUIL(NR)).

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

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

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

▶ Investment strategy:

HSBC Responsible Investment Funds - SRI Euroland Equity invests 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 non-financial analysis rate of at least 90% is applied to the subfund's eligible assets.

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 consists in selecting, in accordance with a best-in-class approach and observing environmental, social and governance (ESG) criteria, the best companies in each sector (for example: energy, transport, etc.). Each company receives four ratings: an E rating, an S rating, a G rating and an aggregated 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 tobacco and arms sectors are systematically excluded, while the thermal coal sector is partially excluded for electricity generation (companies generating more than 10% of their turnover from electricity generated using thermal coal) and totally excluded for thermal coal extraction companies. Companies having clearly violated one, or with at least two presumed violations, of the ten principles of the United Nations Global Compact are systematically excluded.

As regards governance, aspects such as the structure and representativeness of the board of directors, the attendance rate and level of independence of the directors, transparency concerning the method for setting the remuneration of senior executives, the robustness of audit and control processes and observance of the rights of minority shareholders are systematically analysed. 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. On the other hand, in the automotive sector or electrical equipment production, the company's ability to invest in developing products and solutions suited to providing the expected service will be evaluated while at the same time limiting greenhouse gas emissions when being used: hybrid or electrical vehicles, intelligent systems for regulating and optimising energy consumption: smart grid. Finally, certain sectors have a very tenuous direct environmental impact like media and finance.

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. However, in sectors like telecommunications, the equity 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.

The securities 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 SRI universe ratings of the HSBC Responsible Investment Funds - SRI Euroland Equity subfund are updated monthly.

Securities classified in the fourth quartile are excluded, but investment up to 15% maximum of assets classified in the third quartile and without restriction to those classified in the first and second quartiles is possible.

According to this stock-picking methodology, within the same sector, at least 25% of companies are excluded.

The subfund's portfolio must be brought into line with changes in quartiles resulting from changes in ratings within two weeks after the new SRI universes are sent out and at the latest before the end of each calendar month. 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 transparency code for the HSBC Responsible Investment Funds - SRI Euroland Equity subfund is available to the public online at www.assetmanagement.hsbc.fr/fr and provides detailed information on the subfund'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 particular in visits to companies in the form of individual meetings and exercising our voting policy. This policy and the reports concerning the engagement and voting activities are available on the Management Company's website (www.assetmanagement.hsbc.frr/fr).

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.frr/fr).

Debt securities and money market instruments:

The compartment 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.

☑ French or European UCITS;

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

☑ other investment funds: trackers - ETFs.

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

Derivatives

Type of markets:

☑ regulated;

☑ organised;

☑ over-the-counter.

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

☑ equity;

☐ interest rates;

☑ currency;

☐ credit;

☐ other risks (specify).

Type of trades, 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 compartment's overall exposure to 200%. The derivatives that are used might be call/put options on socially responsible equities.

☐ arbitrage;

☐ other (specify).

Type of instruments used:

☑ futures;

☑ options;

☑ currency swaps; for hedging and/or exposure purposes

☑ currency futures for hedging purposes;

☐ credit derivatives;

☐ other (specify).

The compartment 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 (specify).

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 affiliated with the HSBC Group.

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

This financial collateral policy specifies:

- The haircut applicable to financial collateral. It 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. Bonds must have a 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 in a third State with equivalent prudential requirements,

- 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 compartment may recall the cash at any time;

- invested in short-term money market undertakings for collective investment.

The delivery of financial collateral in the form of securities and/or cash is held in distinct accounts by the depositary.

Securities with embedded derivatives

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

Fund manager's target risks:

☑ action taken for hedging and/or exposure purposes;

☐ interest rates;

☐ currency;

☐ credit;

☐ other risk (specify).

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

☑ hedging;

☑ exposure;

☐ arbitrage;

☐ other (specify).

Deposits

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

Deposits may account for up to 10% of the compartment'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 compartment 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 trades, 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 compartment. Only bonds can be subject to temporary purchase and sale transactions.

☑ cash management;

☑ optimising compartment income;

☐ potential contribution to capital leverage of the compartment;

☐ other (to be stipulated).

For protection against default of a counterparty, temporary purchases and sales of securities may provide for the delivery of financial collateral 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 affiliated with the HSBC Group.

These counterparties must have trustworthy credit, and regardless, the minimum Standard & Poor’s rating of BBB-, the equivalent, or a rating deemed 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 compartment relies upon anticipating developments in different markets and securities. There is a risk that the compartment will not always be invested in the highest performing markets and securities.

- Equity risk: the compartment is exposed to equity risk through investment fund securities, units, or equities and/or financial instruments. The compartment 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 compartment’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 compartment's overall exposure to 200%.

Incidental risks:

- Forex risk: the compartment 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 compartment. The maximum share of the assets exposed to currency risk is 10%.

- Liquidity risk: the markets in which the compartment 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 compartment may need to liquidate, initiate, or change positions and may therefore negatively impact the compartment’s NAV.

- Risk associated with investments in futures markets: the compartment may invest in financial futures within the limit of its asset value. This exposure to markets, assets and indexes 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 compartment 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 compartment's NAV. This risk is reduced by the establishment of financial collateral between the compartment 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). The management of this risk is described in the "Conflict of interest policy" established 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 subfund 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 risk factors outlined above are not exhaustive. Investors are responsible for analysing the risk inherent in such an investment and for forming 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 is appropriate for their financial position.

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

1. As a financial market participant, the Investment Manager is subject to Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector.

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

Sustainability risk is an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

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

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

The sustainability risk policy can be found on HSBC Global Asset Management website: www.assetmanagement.hsbc.fr/fr.

2. Companies that properly manage sustainability risks should be better positioned to anticipate future sustainability risks and opportunities. This makes them strategically more resilient and thus able to

anticipate and adapt to long-term risks and opportunities. Likewise, when they are not properly managed, sustainability risks can have negative impacts on the value of the underlying company or the competitiveness of a country that issues sovereign bonds. Sustainability risks can take different forms for the companies or governments in which the Funds invest, such as: (i) a decline in turnover due to changing consumer preferences, negative impacts on the workforce, social unrest and a decline in production capacity; (ii) higher capital/operating costs; (iii) the depreciation and anticipated retirement of existing assets; (iv) reputational damage due to fines and court orders and the loss of license to operate; and (v) risk score (and market score) sovereign bond market and credit risk. All these risks could potentially affect the Fund performance.

The potential impacts of sustainability risks on the Fund performance will also depend on the investments made by the Fund and the materiality of sustainability risks. The likelihood that sustainability risks will occur should be mitigated by the relevant Investment Manager's approach to integrating sustainability risks in its investment decision-making process as outlined in the Policy. The potential impacts of sustainability risks on the performance of Funds that use ESG criteria are further mitigated. However, there is no guarantee that these measures will completely mitigate or prevent the occurrence of sustainability risks for these Funds. As a result, the likely impact on Fund performance of an actual or potential material decline in the value of an investment due to a sustainability risk will vary and depend on several factors.

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

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

▶ **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 not in no way be borne by the compartment 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 compartment.

▶ 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 compartment's portfolio, plus income from temporary cash holdings, minus management fees and borrowing costs.

The amounts distributable by a UCITS consist of:

1. The net income, plus retained earnings, plus or minus the balance of accrued income;

2. Realised capital gains, net of costs, minus realised capital losses, net of costs, recognised during the financial year, plus net capital gains of the same type recognised during prior financial years that were not the subject of any distribution or accumulation, and minus or plus 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	**Equities**
Net earnings (1)	Accumulation
Net realised 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 euros

IC shares: 100 euros

ZC shares: 100 euros

BC shares: 1,000 euros

IT shares: 10 euros.

Minimum initial subscription amount:

AC shares: 1 thousandth of a share.

IC shares: 100,000 euros

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 compartment 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

*Unless a specific deadline has been agreed with your financial institution

Subscription and redemption requests are centralised 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.

Subscribers are urged to send their instructions to their financial intermediary far enough in advance to allow them to be placed 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 compartment'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.

Centralisation: the centralisation time of subscriptions and redemptions is set at 12:30 p.m. (Paris time) only for feeder hedge funds of the HSBC Responsible Investment Funds - SRI Euroland Equity subfund.

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 Continental Europe 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)

Cœur Défense, 110, esplanade du Général de Gaulle
La Défense 4 - 92400 Courbevoie

▶ **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 subfund 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:	**ZC shares:**	**BC shares:**	**IT shares:**
Subscription commission not paid into the compartment	net asset value × number of shares	3% maximum	5% maximum	3% maximum	None
Subscription commission paid into the compartment	net asset value × number of	None			

	shares	
Redemption commission not paid into the compartment	net asset value × number of shares	None
Redemption commission paid into the compartment	net asset value × 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 compartment are made without charge.

Expenses:

Financial management expenses and external administrative fees of the management company cover all expenses billed directly to the compartment, 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 compartment has surpassed its objectives. They are therefore charged to the compartment;
- activity commissions billed to the compartment;
- 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 compartment 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 compartment	**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	Activity fees	Deduction from each transaction	None				
5	Performance commission	Daily net assets	None				

** The compartment 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 compartment, 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 compartment.

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 include 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 specific 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 to the UCITS's depositary.

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

HSBC RESPONSIBLE INVESTMENT FUNDS - SRI EURO BOND

▶ Date of creation

The compartment 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 compartment has no benchmark.

The Bloomberg Barclays Capital Euro Aggregate 500 MM index may, however, be used indicatively. Hence this compartment 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 compartment.

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

This index comprises all fixed rate bonds denominated in euros, with a residual maturity of more than 1 year at the time of rebalancing, with at least 500 million euros in outstandings and with an investment grade 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 indexes kept by the ESMA.

Additional information on the benchmark is available on the website of the Bloomberg Barclays administrator:

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

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

▶ **Investment strategy:**

The compartment shall invest in bonds and debt securities from a bond universe that meets socially responsible ESG criteria.

The non-financial analysis rate of at least 90% is applied to the subfund's eligible assets.

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 consists in, by following Environmental, Social, and Governance ("ESG") criteria:

- For issues of listed public or private companies: selecting, within each sector, according to a "Best in class" approach, those with the best ESG practices (for example: Energy, Transport, etc.), and
- For government issues (bonds), selecting, according to an ESG selection approach, within countries issuing in euros, countries with a minimum ESG rating according to the Oekom non-financial rating agency.

Each company receives four ratings: an E, S, or a G rating and an aggregated one. 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 tobacco and arms sectors are systematically excluded, while the thermal coal sector is partially excluded for electricity generation (companies generating more than 10% of their turnover from electricity generated using thermal coal) and totally excluded for thermal coal extraction companies. Companies having clearly violated one, or with at least two presumed violations, of the ten principles of the United Nations Global Compact are systematically excluded.

As regards governance, aspects such as the structure and representativeness of the board of directors, the attendance rate and level of independence of the directors, transparency concerning the method for setting the remuneration of senior executives, the robustness of audit and control processes and observance of the rights of minority shareholders are systematically analysed. 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. On the other hand, in the automotive sector or electrical equipment production, the company's ability to invest in developing products and solutions suited to providing the expected service will be evaluated while at the same time limiting greenhouse gas emissions when being used: hybrid or electrical vehicles, intelligent systems for regulating and optimising energy consumption: smart grid. Finally, certain sectors have a very tenuous direct environmental impact like media and finance.

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.

The securities 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 SRI universe ratings of the HSBC Responsible Investment Funds - SRI Euro Bond subfund are updated monthly.

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.

According to this stock-picking methodology, within the same sector, at least 25% of companies are excluded.

The subfund's portfolio must be brought into line with changes in quartiles resulting from changes in ratings within two weeks after the new SRI universes are sent out and at the latest before the end of each calendar month. 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 transparency code for the HSBC Responsible Investment Funds - SRI Euro Bond is available to the public online at www.assetmanagement.hsbc.fr/fr and provides detailed information on the subfund'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 particular in visits to companies in the form of individual meetings and exercising our voting policy. This policy and the reports concerning the engagement and voting activities are available on the Management Company's website (www.assetmanagement.hsbc.fr-/fr).

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

2. Financial criteria

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 compartment 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 tobacco and arms sectors are systematically excluded, as well as all companies having clearly violated one, or with at least two presumed violations, of the ten principles of the United Nations Global Compact.

- The compartment's assets are invested in the following types of asset: Fixed-rate bonds and other negotiable debt securities including short/medium-term negotiable securities, EMTN, up to 100% of assets, the intended holding range being 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 compartment 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 mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of assets and in the selection of securities to buy or sell.

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

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

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

- Fixed-rate bonds and other short/medium-term negotiable securities (including EMTN), up to 100% of assets, the intended holding range being 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 assets and in the selection of securities to buy or sell.

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

Shares or units of other UCIs or investment funds

Authorised level of use: up to 10% of assets

To help achieve the management objective and for cash management.

☑ French or European UCITS;

☑ French retail investment funds or foreign hedge funds;

☑ other investment funds: trackers - ETFs.

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

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Derivatives

Authorised level of use: up to 100% of assets

Type of markets:

☑ regulated;

☑ organised;

☑ over-the-counter.

Fund manager's target risks:

☐ equity;

☑ interest rate;

☑ currency;

☑ credit;

☐ other risks (specify).

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

☑ hedging;

☑ exposure;

☑ arbitrage: simultaneous long and short positions are taken on various points of the yield curve to benefit from a deformation of the yield curve (flattening, steepening, and curvature) while keeping the total sensitivity of these positions at 0. Curve arbitrage operations are among the drivers of the compartment'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 compartment's manager may use interest rate 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; sector-based indexes (ITraxx, CDX particularly) and sub-indexes of CDS; tranches of indexes; 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 compartment 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 (specify).

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 affiliated with the HSBC Group.

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

This financial collateral policy specifies:

- The haircut applicable to financial collateral. It 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 in a third State with equivalent prudential requirements,
- 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 compartment may recall the cash at any time;
- invested in short-term money market funds.

The delivery of financial collateral in the form of securities and/or cash is held in distinct accounts by the depositary.

Securities with embedded derivatives

Authorised level of use: up to 100% of assets, the intended holding range being between 0% and 50%.

Fund manager's target risks:

☐ equity;

☑ interest rates;

☑ currency;

☑ credit;

☐ other risk (specify).

The types of investments and all transactions must be limited to achieving the management 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 compartment management objective by allowing for cash management.

Deposits may account for up to 10% of the compartment'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 subfund may exceptionally carry out temporary purchases and sales of securities.

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 (specify).

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

☑ cash management;

☑ optimizing compartment income;

☑ potential contribution to capital leverage of the compartment;

☐ 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 compartment. 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 the delivery of financial collateral 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 affiliated with the HSBC Group.

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

Authorised level of use: up to 100% of assets

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 compartment relies upon anticipating developments in different markets and securities. There is a risk that the compartment 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, if interest rates increase, 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 curve 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 compartment’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 assets and in the selection of securities to buy 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 compartment.
Securitisation vehicles are currently less liquid securities compared with traditional bond issues.

- *Liquidity risk*: the markets in which the compartment 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 compartment may need to liquidate, initiate, or change positions and therefore cause a decline in the compartment's NAV.

Incidental risks:

- *Risk related to investment in futures markets*: the compartment may invest in financial futures within the limit of its asset value. This exposure to markets, assets and indexes 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 compartment 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 compartment NAV.

- *Inflation risk*: the compartment 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.

- *Forex risk*: the compartment is exposed to forex risk by purchasing securities denominated in a currency other than the euro and not hedged against forex risk. Forex 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 compartment 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). The management of this risk is described in the "Conflict of interest policy" established by the management company and available on its website.

- Risk related to management of financial collateral: 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 subfund 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 risk factors outlined above are not exhaustive. Investors are responsible for analysing the risk inherent in such an investment and for forming 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 is appropriate for their financial position.

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

1. As a financial market participant, the Investment Manager is subject to Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector.

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

Sustainability risk is an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

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

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

The sustainability risk policy can be found on HSBC Global Asset Management website: www.assetmanagement.hsbc.fr/fr.

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

The potential impacts of sustainability risks on the subfund performance will also depend on the investments made by the Fund and the materiality of sustainability risks. The likelihood that sustainability risks will occur should be mitigated by the relevant Investment Manager's approach to integrating sustainability risks in its investment decision-making process as outlined in the Policy. The potential impacts of sustainability risks on the performance of Funds that use ESG criteria are further mitigated. However, there is no guarantee that these measures will completely mitigate or prevent the occurrence of sustainability risks for these Funds. As a result, the likely impact on Fund performance of an actual or potential material decline in the value of an investment due to a sustainability risk will vary and depend on several factors.

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

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

▶ **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 especially intended for subscribers wishing to invest in bonds issued by companies that meet high sustainable development standards all while retaining a long-term performance objective equivalent to that of traditional bond UCIs.

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 not in no way be borne by the compartment 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 compartment.

▶ **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 compartment's portfolio, plus income from temporary cash holdings, minus management fees and borrowing costs.

The amounts distributable by a UCITS consist of:

1. The net income, plus retained earnings, plus or minus the balance of accrued income;

2. Realised capital gains, net of costs, minus realised capital losses, net of costs, recognised during the financial year, plus net capital gains of the same type recognised during prior financial years that were not the subject of any distribution or accumulation, and minus or plus 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, I and ZC and IT shares	AD shares
Net earnings (1)	Accumulation	Distribution
Net realised 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 compartment 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 I 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 amount of the initial subscription is 100,000 euros, except for equities subscribed by the management company or by a company connected 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 compartment 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

*Unless a specific deadline has been agreed with your financial institution

Subscription and redemption requests are centralised 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.

Subscribers are urged to send their instructions to their financial intermediary far enough in advance to allow them to be placed 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 compartment'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.

Technical centralisation: For feeders funds (only) of the "HSBC Responsible Investment Funds - SRI Euro Bond" subfund, the centralisation time of subscriptions and redemptions in the master subfund is 12:30 p.m. (Paris time).

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 Continental Europe 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)

Cœur Défense, 110, esplanade du Général de Gaulle
La Défense 4 - 92400 Courbevoie

▶ **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 subfund 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, AD, IC, and BC shares:	**ZC shares:**	**IT shares:**
Subscription commission not paid into the compartment	net asset value × number of shares	1.50% maximum	6% maximum	None
Subscription commission paid into the compartment	net asset value × number of shares	None		
Redemption commission not paid into the compartment	net asset value × number of shares	None		
Redemption commission paid into the compartment	net asset value × 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 compartment are made without charge.

Expenses:

Financial management expenses and external administrative fees of the management company cover all expenses billed directly to the compartment, 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 compartment has surpassed its objectives. They are therefore charged to the compartment;*
- *transaction commissions billed to the compartment;*
- *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 compartment 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 compartment	Base	Scale rate			
			AC and AD shares	**IC, BC shares**	**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	Activity fees	Deduction from each transaction	None			
5	Performance commission	Daily net assets	None			

** The compartment 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 compartment, 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 compartment.

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 include 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 specific 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 to the UCITS's depositary.

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

HSBC RESPONSIBLE INVESTMENT FUNDS - SRI MODERATE

▶ Date of creation

The subfund was created on 30 September 2019.

▶ ISIN codes:

AC shares: FR0013443132

IC shares: FR0013443140

RC shares: FR0013443157

▶ Management objective:

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

▶ Benchmark:

The HSBC Responsible Investment Funds – SRI Moderate subfund does not have a benchmark index.

This is because there is no benchmark index representative of our management philosophy and therefore of our investment universe.

▶ Investment strategy:

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

The non-financial analysis rate of at least 90% is applied to the subfund's eligible assets.

The subfund's sources of performance are:

- tactical allocation of asset classes;
- picking of stocks meeting non-financial and financial criteria;
- active management of interest rate and credit risk;
- active management of currency risk.

The subfund's investment strategy is therefore broken down into several successive stages:

1) *Tactical allocation between asset classes*:

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

Starting from the strategic allocation consisting of an average of 70% in interest rates, the manager exposes 65% to 75% of the subfund to interest rates in order to adapt it to our forecasts and to our economic scenario. The anticipation of a medium-term rise in rate markets would thus increase the portfolio's exposure to this asset class. The intensity of the overexposure in relation to the strategic allocation depends then on the certitude of the manager.

2) Assessment and stock picking according to non-financial criteria;

The HSBC Responsible Investment Funds – SRI Moderate subfund is invested, according to its manager's choices, either by investing in securities of companies or countries or by investing in investment funds managed by the HSBC Group. This first stage of the process consists in, by following Environmental, Social, and Governance ("ESG") criteria:

- For issues of listed public or private companies: selecting, within each sector, according to a "Best in class" approach, those with the best ESG practices (for example: Energy, Transport, etc.), and
- For government issues (bonds), selecting, according to an ESG selection approach, within countries issuing in euros, countries with a minimum ESG rating according to the Oekom non-financial rating agency.

Each company receives four ratings: an E, S, or a G rating and an aggregated one. 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 tobacco and arms sectors are systematically excluded, while the thermal coal sector is partially excluded for electricity generation (companies generating more than 10% of their turnover from electricity generated using thermal coal) and totally excluded for thermal coal extraction companies. Companies having clearly violated one, or with at least two presumed violations, of the ten principles of the United Nations Global Compact are systematically excluded.

As regards governance, aspects such as the structure and representativeness of the board of directors, the attendance rate and level of independence of the directors, transparency concerning the method for setting the remuneration of senior executives, the robustness of audit and control processes and observance of the rights of minority shareholders are systematically analysed. 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. On the other hand, in the automotive sector or electrical equipment production, the company's ability to invest in developing products and solutions suited to providing the expected service will be evaluated while at the same time limiting greenhouse gas emissions when being used: hybrid or electrical vehicles, intelligent systems for regulating and optimising energy consumption: smart grid. Finally, certain sectors have a very tenuous direct environmental impact like media and finance.

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. However, in sectors like telecommunications, the equity 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.

The securities are rated from 0 to 10. Each stock is associated with one of 30 ESG sectors determined by the Management Company using an initial investment universe representative of the strategic allocation.

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 SRI universe ratings of the HSBC Responsible Investment Funds – SRI Moderate subfund are updated monthly.

Securities classified in the fourth quartile are excluded, but investment up to 15% maximum of assets classified in the third quartile and without restriction to those classified in the first and second quartiles is possible.

According to this stock-picking methodology, within the same sector, at least 25% of companies are excluded.

The subfund's portfolio must be brought into line with changes in quartiles resulting from changes in ratings within two weeks after the new SRI universes are sent out and at the latest before the end of each calendar month. 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 compartment may hold up to 10% of its assets in securities that are unrated under ESG criteria. Non-rated stocks are stocks for which our ESG contributor does not provide the essential data for calculating the E, S, and G data and the combined rating.

The transparency code for the HSBC Responsible Investment Funds - SRI Moderate subfund is available to the public online at www.assetmanagement.hsbc.fr/fr and provides detailed information on the subfund'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 particular in visits to companies in the form of individual meetings and exercising our voting policy. This policy and the reports concerning the engagement and voting activities are available on the Management Company's website (www.assetmanagement.hsbc.fr/fr).

3) Assessment of financial criteria

This stage is devoted to the picking of stocks within the defined SRI universe based on purely financial criteria. We consider that businesses that meet all the non-financial and financial criteria conduct their business activity with a long-term development approach.

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

Strategy for picking bonds and debt securities

- 1- *active management of interest rate risk,* which is divided into sensitivity management and curve strategy. The overall sensitivity of the compartment 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 associated with the expertise of our team of credit analysts.

In addition, in order to achieve its management objective, the manager will have the possibility of investing in the HRIF- Europe Equity Green Transition, HRIF – SRI Euroland Equity, HRIF – SRI Euro Bond, and HRIF - SRI Global Equity subfunds of the Responsible Investment Funds OEIC.

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

Currency risk exposure is permitted for up to 10% of assets.

▶ **Instruments used:**

Equities:

The subfund invests a minimum of 25% and a maximum of 35% of its assets in equities and other similar securities traded on French and foreign regulated markets. The subfund may invest in small-, mid-, and large-cap stocks.

The manager may also proceed with investing in these instruments through French or European investment funds.

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.fr/fr).

Debt securities and money market instruments:

Between 65% and 75% of the subfund's assets are invested in fixed-rate bonds (including EMTN), negotiable debt instruments, floating-rate and inflation-indexed bonds, securitisation vehicles, and covered bonds.

The manager however may invest in these instruments through a French or European investment fund.

The subfund can invest up to 75% of its assets in private debt.

The debt securities and money market instruments will be issued by issuers rated Investment Grade at the time of purchase (minimum rating of BBB-/Baa3 by Standard and Poor's or equivalent, or deemed equivalent by the Management Company). The rating considered is the lower of the two.

The subfund invests in debt securities and money market instruments, within an intended utilisation range of between 0% and 10% and a rate equal to A1/P1 (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 assets and in the selection of securities to buy or sell.

The subfund's tolerance range is +3.5 to +6. The sensitivity of a bond corresponds to the price variation of this bond when the interest rates vary.

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

To help achieve the management objective and for cash management.

☑ French or European UCITS;

☑ French retail investment funds or foreign hedge funds;

☑ other investment funds: trackers - ETFs.

The fund manager will invest in investment funds managed or distributed by an HSBC Group entity unless such funds are not eligible or suitable. These investment funds must meet specified financial and non-financial objectives.

The SRI strategies of the UCIs or investment funds that may be selected by the fund manager (excluding UCIs/investment funds managed by the Management Company) may use ESG indicators and/or different SRI approaches independent of the subfund.

Derivatives

Type of markets:

☑ regulated;

☑ organised;

☑ over-the-counter.

Fund manager's target risks:

☑ equity;

☑ interest rates;

☑ currency;

☐ credit;

☐ other risks (specify).

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

☑ hedging;

☑ exposure;

☐ arbitrage;

☐ other (to be stipulated)

Type of instruments used:

☑ futures (regulated markets);

☐ options on futures and securities (regulated markets);

☐ options on securities (OTC);

☐ swaps (OTC);

☑ forward exchange (OTC);

☐ credit derivatives;

The compartment 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: leverage 1;

☐ other strategy (specify).

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 affiliated with the HSBC Group.

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

This financial collateral policy specifies:

- The haircut applicable to financial collateral. It 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 in a third State with equivalent prudential requirements,
- 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 compartment may recall the cash at any time;
- invested in short-term money market funds.

The delivery of financial collateral in the form of securities and/or cash is held in distinct accounts by the depositary.

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

Fund manager's target risks:

☐ equity;

☑ interest rates;

☑ currency;

☑ credit;

☐ other risk (specify).

The types of investments and all transactions must be limited to achieving the management objective. :

☑ hedging;

☑ exposure;

☑ arbitrage;

☐ other (specify).

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 compartment management objective by allowing for cash management.

Deposits may account for up to 10% of the compartment's net assets.

Cash loans

Exceptionally, the compartment 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 compartment may not carry out any temporary security acquisition and disposal transactions.

The Management Company's voting rights policy is available on our website (www.assetmanagement.hsbc.fr/fr).

▶ **Risk profile:**

Your money shall be invested mainly in financial instruments selected by the management company. These instruments shall be subject to market fluctuations and uncertainties.

Main risks:

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

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

- Interest rate risk: The portion of the portfolio invested in interest rate products may be impacted by interest rate fluctuations. When long-term interest rates increase, bond prices fall. These fluctuations may cause a decrease in the net asset value.

- Credit risk: When interest rate products are invested in securities issued by private issuers, the potential risk of the deterioration of the issuer's standing may negatively impact the price of the security. Consequently, the subfund's NAV may decrease.

- Equity risk: A decrease in share prices may lower the subfund's NAV. During periods of high equity market volatility, the NAV may decrease due to potential subfund exposure to these same markets. Subscribers are advised that small-cap markets include companies that, due to their low capitalisations, may fluctuate and thus decrease the value of the subfund's investments. Investment in small and mid-caps may result in a sharper and faster decline in the fund's value.

- Risk associated with financial futures: The use of futures may increase or decrease the volatility of the subfund and impact its NAV in either direction.

Incidental risks:

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

- Counterparty risk: The subfund 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 compartment's NAV. This risk is reduced by the establishment of financial collateral between the compartment and the counterparty, as described in the Investment Strategy.

- Risk related to management of financial collateral: Investors may be exposed to legal risks (in connection with legal documentation, execution of contracts and the limits within them), an operational risk, and a risk related to the reuse of cash received as collateral. The subfund's net asset value may change due to fluctuations in the value of securities purchased through investment of cash received as collateral. In exceptional market circumstances, investors may also be exposed to a liquidity risk, leading to difficulties to trade certain securities, for example. 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 subfund 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, investors may also be exposed to a liquidity risk, leading to difficulties to trade certain securities, for example.

- Currency risk: This is the risk of investment currencies falling relative to the portfolio's 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 subfund's NAV.

- Inflation risk: The subfund offers no systematic protection against inflation, i.e., an 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: Some markets on which the compartment trades may occasionally be affected by a lack of liquidity. This may impact the price conditions in which the compartment values, initiates, modifies, or liquidates its positions.

- Securitisation risk: For these instruments, credit risk principally relies on the quality of underlying assets, which may be varied (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 materialisation of these risks may result in a decrease in the net asset value of the subfund.

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

1. As a financial market participant, the Investment Manager is subject to Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector.

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

Sustainability risk is an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

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

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

The sustainability risk policy can be found on HSBC Global Asset Management website: www.assetmanagement.hsbc.fr/fr.

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

due to changing consumer preferences, negative impacts on the workforce, social unrest and a decline in production capacity; (ii) higher capital/operating costs; (iii) the depreciation and anticipated retirement of existing assets; (iv) reputational damage due to fines and court orders and the loss of license to operate; and (v) risk score (and market score) sovereign bond market and credit risk. All these risks could potentially affect the Fund performance.

The potential impacts of sustainability risks on the subund performance will also depend on the investments made by the Fund and the materiality of sustainability risks. The likelihood that sustainability risks will occur should be mitigated by the relevant Investment Manager's approach to integrating sustainability risks in its investment decision-making process as outlined in the Policy. The potential impacts of sustainability risks on the performance of Funds that use ESG criteria are further mitigated. However, there is no guarantee that these measures will completely mitigate or prevent the occurrence of sustainability risks for these Funds. As a result, the likely impact on Fund performance of an actual or potential material decline in the value of an investment due to a sustainability risk will vary and depend on several factors.

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

- **Guarantee or protection:**

None

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

AC shares: all subscribers

IC shares: all subscribers but most especially intended for institutional clients.

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

This product is especially intended for subscribers seeking a diversification instrument combining equities and bonds that meet high sustainable development standards while maintaining a long-term performance objective.

The recommended investment period is more than 3 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 not in no way be borne by the compartment 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 compartment.

- **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 compartment's portfolio, plus income from temporary cash holdings, minus management fees and borrowing costs.

The amounts distributable by a UCITS consist of:

1. The net income, plus retained earnings, plus or minus the balance of accrued income;

2. Realised capital gains, net of costs, minus realised capital losses, net of costs, recognised during the financial year, plus net capital gains of the same type recognised during prior financial years that were not the subject of any distribution or accumulation, and minus or plus 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	Equities
Net earnings (1)	Accumulation
Net realised capital gains (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 NAV:

AC shares: 100 euros.

IC shares: 10,000 euros.

RC shares: 1,000 euros.

Minimum initial subscription amount:

AC shares: 1 thousandth of a share.

IC shares: 100,000 euros.

RC shares: 1 thousandth of a share.

The change from one category of shares to another or from one compartment 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

*Unless a specific deadline has been agreed with your financial institution

Subscription and redemption requests are centralised 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.

Subscribers are urged to send their instructions to their financial intermediary far enough in advance to allow them to be placed 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 Continental Europe 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 prices of the previous day if it is a business day. The net asset value is available from the Management Company.

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

HSBC Global Asset Management (France)

Cœur Défense, 110, esplanade du Général de Gaulle
La Défense 4 - 92400 Courbevoie

▶ **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 subfund 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, IC shares:	RC shares:
Subscription commission not paid into the compartment	net asset value × number of shares	2% maximum	6% maximum
Subscription commission paid into the compartment	net asset value × number of shares	None	
Redemption commission not paid into the compartment	net asset value × number of shares	None	
Redemption commission paid into the compartment	net asset value × 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 compartment are made without charge.

Expenses:

Financial management expenses and external administrative fees of the management company cover all expenses billed directly to the compartment, 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 compartment has surpassed its objectives. They are therefore charged to the compartment;*
- *transaction commissions billed to the compartment;*
- *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 compartment 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 compartment	**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 0.20% including taxes		
3	Maximum indirect charges (commissions and management fees)	Daily net assets	Insignificant*		
4	Activity fees	Deduction from each transaction	None		
5	Performance commission	Daily net assets	None		

** The compartment invests less than 20% in investment funds*

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 include 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 specific 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 to the UCITS's depositary.

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

HSBC RESPONSIBLE INVESTMENT FUNDS - SRI BALANCED

▶ Date of creation

The subfund was created on 30 September 2019.

▶ ISIN codes:

AC shares: FR0013443181

IC shares: FR0013443199

▶ Management objective:

The management objective of the HSBC Responsible Investment Funds - SRI Balanced subfund is to maximise a performance corresponding to an investment with a moderate exposure to equity market risk over a recommended investment period of at least 4 years. This investment is made by selecting securities of companies or countries selected for their good environmental, social, and governance practices and their financial quality. The long-term strategic allocation is composed of 50% equities and 50% international bonds with a euro bias.

▶ Benchmark:

The HSBC Responsible Investment Funds – SRI Balanced subfund does not have a benchmark index.

This is because there is no benchmark index representative of our management philosophy and therefore of our investment universe.

▶ Investment strategy:

HSBC Responsible Investment Funds – SRI Balanced is a profiled subfund within a multi-asset SRI range composed of several profiles. With a strategic allocation consisting of 50% equities on average, it constitutes an investment with a moderate exposure to equity market risk.

The non-financial analysis rate of at least 90% is applied to the subfund's eligible assets.

The subfund's sources of performance are:

- tactical allocation of asset classes;
- picking of stocks meeting non-financial and financial criteria;
- active management of interest rate and credit risk;
- active management of currency risk;
- the choice of investment vehicles.

The subfund's investment strategy is therefore broken down into several successive stages:

1) *Tactical allocation between asset classes*

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

Starting from the strategic allocation consisting of an average of 50% in interest rates, the manager exposes 45% to 55% of the subfund to interest rates in order to adapt it to our forecasts and to our economic scenario. The anticipation of a medium-term rise in rate markets would thus increase the portfolio's exposure to this asset class. The intensity of the overexposure in relation to the strategic allocation depends then on the certitude of the manager.

2) Assessment and stock picking according to non-financial criteria;

The HSBC Responsible Investment Funds – SRI Balanced subfund is invested, according to its manager's choices, either by investing in securities of companies or countries or by investing in investment funds managed by the HSBC Group. This first stage of the process consists in, by following Environmental, Social, and Governance ("ESG") criteria:

- For issues of listed public or private companies: selecting, within each sector, according to a "Best in class" approach, those with the best ESG practices (for example: Energy, Transport, etc.), and
- For government issues (bonds), selecting, according to an ESG selection approach, within countries issuing in euros, countries with a minimum ESG rating according to the Oekom non-financial rating agency.

Each company receives four ratings: an E, S, or a G rating and an aggregated one. 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 tobacco and arms sectors are systematically excluded, while the thermal coal sector is partially excluded for electricity generation (companies generating more than 10% of their turnover from electricity generated using thermal coal) and totally excluded for thermal coal extraction companies. Companies having clearly violated one, or with at least two presumed violations, of the ten principles of the United Nations Global Compact are systematically excluded.

As regards governance, aspects such as the structure and representativeness of the board of directors, the attendance rate and level of independence of the directors, transparency concerning the method for setting the remuneration of senior executives, the robustness of audit and control processes and observance of the rights of minority shareholders are systematically analysed. 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. On the other hand, in the automotive sector or electrical equipment production, the company's ability to invest in developing products and solutions suited to providing the expected service will be evaluated while at the same time limiting greenhouse gas emissions when being used: hybrid or electrical vehicles, intelligent systems for regulating and optimising energy consumption: smart grid. Finally, certain sectors have a very tenuous direct environmental impact like media and finance.

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.

The securities are rated from 0 to 10. Each stock is associated with one of 30 ESG sectors determined by the Management Company using an initial investment universe representative of the strategic allocation.

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 SRI universe ratings of the HSBC Responsible Investment Funds – SRI Balanced subfund are updated monthly.

Securities classified in the fourth quartile are excluded, but investment up to 15% maximum of assets classified in the third quartile and without restriction to those classified in the first and second quartiles is possible.

According to this stock-picking methodology, within the same sector, at least 25% of companies are excluded.

The subfund's portfolio must be brought into line with changes in quartiles resulting from changes in ratings within two weeks after the new SRI universes are sent out and at the latest before the end of each calendar month. 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 compartment may hold up to 10% of its assets in securities that are unrated under ESG criteria. Non-rated stocks are stocks for which our ESG contributor does not provide the essential data for calculating the E, S, and G data and the combined rating.

The transparency code for the HSBC Responsible Investment Funds - SRI Balanced subfund is available to the public online at www.assetmanagement.hsbc.fr/fr and provides detailed information on the subfund'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 particular in visits to companies in the form of individual meetings and exercising our voting policy. This policy and the reports concerning the engagement and voting activities are available on the Management Company's website (www.assetmanagement.hsbc.fr/fr).

3) Assessment of financial criteria

This stage is devoted to the picking of stocks within the defined SRI universe based on purely financial criteria. We consider that businesses that meet all the non-financial and financial criteria conduct their business activity with a long-term development approach.

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

Strategy for picking bonds and debt securities

- 1- *active management of interest rate risk,* which is divided into sensitivity management and curve strategy. The overall sensitivity of the compartment 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 associated with the expertise of our team of credit analysts.

In addition, in order to achieve its management objective, the manager will have the possibility of investing in the HRIF- Europe Equity Green Transition, HRIF – SRI Euroland Equity, HRIF – SRI Euro Bond, and HRIF - SRI Global Equity subfunds of the Responsible Investment Funds OEIC.

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

Forex exposure is authorised potentially up to 25% of assets.

▶ **Instruments used:**

Equities:

The subfund invests a minimum of 45% and a maximum of 55% of its assets in equities and other similar securities traded on French and foreign regulated markets. The subfund may invest in small-, mid-, and large-cap stocks.

The manager may also proceed with investing in these instruments through French or European investment funds.

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.fr/fr).

Debt securities and money market instruments:

Between 45% and 55% of the subfund's assets are invested in fixed-rate bonds (including EMTN), negotiable debt instruments, floating-rate and inflation-indexed bonds, securitisation vehicles, and covered bonds.

The manager however may invest in these instruments through a French or European investment fund.

The subfund can invest up to 55% of its assets in private debt.

The debt securities and money market instruments will be issued by issuers rated Investment Grade at the time of purchase (minimum rating of BBB-/Baa3 by Standard and Poor's or equivalent, or deemed equivalent by the Management Company).

The subfund invests in debt securities and money market instruments, within an intended utilisation range of between 0% and 10% and a rate equal to A1/P1 (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 assets and in the selection of securities to buy or sell.

The subfund's tolerance range is +2.5 to +4.5. The sensitivity of a bond corresponds to the price variation of this bond when the interest rates vary.

Shares or units of other investment funds (up to 100% of net assets):

To help achieve the management objective and for cash management.

☑ French or European UCITS;

☑ French retail investment funds or foreign hedge funds;

☑ other investment funds: trackers - ETFs.

The fund manager will invest in investment funds managed or distributed by an HSBC Group entity unless such funds are not eligible or suitable. These investment funds must meet specified financial and non-financial objectives.

The SRI strategies of the UCIs or investment funds that may be selected by the fund manager (excluding UCIs/investment funds managed by the Management Company) may use ESG indicators and/or different SRI approaches independent of the subfund.

Derivatives

Type of markets:

☑ regulated;

☑ organised;

☑ over-the-counter.

Fund manager's target risks:

☑ equity;

☑ interest rates;

☑ currency;

☐ credit;

☐ other risks (specify).

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

☑ hedging;

☑ exposure;

☐ arbitrage;

☐ other (to be stipulated).

Type of instruments used:

☑ futures (regulated markets);

☐ options on futures and securities (regulated markets);

☐ options on securities (OTC);

☐ swaps (OTC);

☑ forward exchange (OTC);

☐ credit derivatives.

The compartment 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: leverage 1;

☐ other strategy (specify).

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 affiliated with the HSBC Group.

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

This financial collateral policy specifies:

- The haircut applicable to financial collateral. It 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 in a third State with equivalent prudential requirements,
- 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 compartment may recall the cash at any time;
- invested in short-term money market funds.

The delivery of financial collateral in the form of securities and/or cash is held in distinct accounts by the depositary.

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

Fund manager’s target risks:

☐ equity;

☑ interest rates;

☑ currency;

☑ credit;

☐ other risk (specify).

The types of investments and all transactions must be limited to achieving the management objective. :

☑ hedging;

☑ exposure;

☑ arbitrage;

☐ other (specify).

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 compartment management objective by allowing for cash management.

Deposits may account for up to 10% of the compartment’s net assets.

Cash loans

Exceptionally, the compartment 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 compartment may not carry out any temporary security acquisition and disposal transactions.

The Management Company's voting rights policy is available on our website (www.assetmanagement.hsbc.fr/fr).

▶ **Risk profile:**

Your money shall be invested mainly in financial instruments selected by the management company. These instruments shall be subject to market fluctuations and uncertainties.

Main risks:

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

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

- Interest rate risk: The portion of the portfolio invested in interest rate products may be impacted by interest rate fluctuations. When long-term interest rates increase, bond prices fall. These fluctuations may cause a decrease in the net asset value.

- Credit risk: When interest rate products are invested in securities issued by private issuers, the potential risk of the deterioration of the issuer's standing may negatively impact the price of the security. Consequently, the subfund's NAV may decrease.

- Risk associated with financial futures: The use of futures may increase or decrease the volatility of the subfund and impact its NAV in either direction.

- Equity risk: A decrease in share prices may lower the subfund's NAV. During periods of high equity market volatility, the NAV may decrease due to potential subfund exposure to these same markets. Subscribers are advised that small-cap markets include companies that, due to their low capitalisations, may fluctuate and thus decrease the value of the subfund's investments. Investment in small and mid-caps may result in a sharper and faster decline in the fund's value.

- Currency risk: This is the risk of investment currencies falling relative to the portfolio's 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 subfund's NAV.

Incidental risks:

- Inflation risk: The subfund offers no systematic protection against inflation, i.e., an 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 connection with transactions involving financial contracts and/or temporary purchases and sales of securities, can arise when the intermediary used to select a counterparty, or the counterparty itself, has a direct or indirect equity link with the management company (or the depositary). The management of this risk is described in the "Conflict of interest policy" established by the management company and available on its website.

- Counterparty risk: The subfund 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 compartment's NAV. This risk is reduced by the establishment of financial collateral between the compartment and the counterparty, as described in the Investment Strategy.

- Risk related to management of financial collateral: Investors may be exposed to legal risks (in connection with legal documentation, execution of contracts and the limits within them), an operational risk, and a risk related to the reuse of cash received as collateral. The subfund's net asset value may change due to fluctuations in the value of securities purchased through investment of cash received as collateral. In exceptional market circumstances, investors may also be exposed to a liquidity risk, leading to difficulties to trade certain securities, for example. 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 subfund 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, investors may also be exposed to a liquidity risk, leading to difficulties to trade certain securities, for example.

- Securitisation risk: For these instruments, credit risk principally relies on the quality of underlying assets, which may be varied (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 compartment.

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

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

1. As a financial market participant, the Investment Manager is subject to Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector.

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

Sustainability risk is an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

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

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

The sustainability risk policy can be found on HSBC Global Asset Management website: www.assetmanagement.hsbc.fr/fr.

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

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

The potential impacts of sustainability risks on the subfund performance will also depend on the investments made by the Fund and the materiality of sustainability risks. The likelihood that sustainability risks will occur should be mitigated by the relevant Investment Manager's approach to integrating sustainability risks in its investment decision-making process as outlined in the Policy. The potential impacts of sustainability risks on the performance of Funds that use ESG criteria are further mitigated. However, there is no guarantee that these measures will completely mitigate or prevent the occurrence of sustainability risks for these Funds. As a result, the likely impact on Fund performance of an actual or potential material decline in the value of an investment due to a sustainability risk will vary and depend on several factors.

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

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

- **Guarantee or protection:**

None

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

AC shares: all subscribers

IC shares: all subscribers but most especially intended for institutional clients.

This product is especially intended for subscribers seeking a diversification instrument combining equities and bonds that meet high sustainable development standards while maintaining a long-term performance objective.

The recommended investment period is more than 4 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 not in no way be borne by the compartment 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 compartment.

- **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 compartment's portfolio, plus income from temporary cash holdings, minus management fees and borrowing costs.

The amounts distributable by a UCITS consist of:

1. The net income, plus retained earnings, plus or minus the balance of accrued income;

2. Realised capital gains, net of costs, minus realised capital losses, net of costs, recognised during the financial year, plus net capital gains of the same type recognised during prior financial years that were not the subject of any distribution or accumulation, and minus or plus 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	**Equities**
Net earnings (1)	Accumulation
Net realised capital gains (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 NAV:

AC shares: 100 euros.

IC shares: 10,000 euros.

Minimum initial subscription amount:

AC shares: 1 thousandth of a share.

IC shares: 100,000 euros.

The change from one category of shares to another or from one compartment 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

*Unless a specific deadline has been agreed with your financial institution

Subscription and redemption requests are centralised 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.

Subscribers are urged to send their instructions to their financial intermediary far enough in advance to allow them to be placed 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 Continental Europe 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 prices of the previous day if it is a business day. The net asset value is available from the Management Company.

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

HSBC Global Asset Management (France)

Cœur Défense, 110, esplanade du Général de Gaulle
La Défense 4 - 92400 Courbevoie

▶ **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 subfund 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, IC shares:
Subscription commission not paid into the compartment	net asset value × number of shares	2% maximum
Subscription commission paid into the compartment	net asset value × number of shares	None
Redemption commission not paid into the compartment	net asset value × number of shares	None
Redemption commission paid into the compartment	net asset value × 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 compartment are made without charge.

Expenses:

Financial management expenses and external administrative fees of the management company cover all expenses billed directly to the compartment, 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 compartment has surpassed its objectives. Hence the compartment is invoiced for them;*
- *transaction commissions billed to the compartment;*
- *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 compartment 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 compartment	**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 0.20% including taxes	
3	Maximum indirect charges (commissions and management fees)	Daily net assets	Maximum 0.30% including taxes	
4	Activity fees	Deduction from each transaction	None	
5	Performance commission	Daily net assets	None	

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

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

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

The choice of counterparties and investment firms and service providers of HSBC Global Asset Management (France) is made according to a specific 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 to the UCITS's depositary.

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

HSBC RESPONSIBLE INVESTMENT FUNDS - SRI DYNAMIC

▶ Date of creation

The subfund was created on 30 September 2019.

▶ ISIN codes:

AC shares: FR0013443165

IC shares: FR0013443173

▶ Management objective:

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

▶ Benchmark:

The HSBC Responsible Investment Funds – SRI Dynamic subfund does not have a benchmark index.

This is because there is no benchmark index representative of our management philosophy and therefore of our investment universe.

▶ Investment strategy:

HSBC Responsible Investment Funds – SRI Dynamic is a profiled subfund within a multi-asset SRI range composed of several profiles. With a strategic allocation consisting of 80% equities on average, it constitutes an investment with a high exposure to equity market risk.

The non-financial analysis rate of at least 90% is applied to the subfund’s eligible assets.

The subfund’s sources of performance are:

- tactical allocation of asset classes;
- picking of stocks meeting non-financial and financial criteria;
- active management of interest rate and credit risk;
- active management of currency risk;
- the choice of investment vehicles.

The subfund’s investment strategy is therefore broken down into several successive stages:

1) *Tactical allocation between asset classes*:

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

Starting from the strategic allocation consisting of an average of 20% in interest rates, the manager exposes 10% to 25% of the subfund to interest rates in order to adapt it to our forecasts and to our economic scenario. The anticipation of a medium-term rise in rate markets would thus increase the portfolio's exposure to this asset class. The intensity of the overexposure in relation to the strategic allocation depends then on the certitude of the manager.

2) Assessment and stock picking according to non-financial criteria;

The HSBC Responsible Investment Funds – SRI Dynamic subfund is invested, according to its manager's choices, either by investing in securities of companies or countries or by investing in investment funds managed by the HSBC Group. This first stage of the process consists in, by following Environmental, Social, and Governance ("ESG") criteria:

- For issues of listed public or private companies: selecting, within each sector, according to a "Best in class" approach, those with the best ESG practices (for example: Energy, Transport, etc.), and
- For government issues (bonds), selecting, according to an ESG selection approach, within countries issuing in euros, countries with a minimum ESG rating according to the Oekom non-financial rating agency.

Each company receives four ratings: an E, S, or a G rating and an aggregated one. 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 tobacco and arms sectors are systematically excluded, while the thermal coal sector is partially excluded for electricity generation (companies generating more than 10% of their turnover from electricity generated using thermal coal) and totally excluded for thermal coal extraction companies. Companies having clearly violated one, or with at least two presumed violations, of the ten principles of the United Nations Global Compact are systematically excluded.

As regards governance, aspects such as the structure and representativeness of the board of directors, the attendance rate and level of independence of the directors, transparency concerning the method for setting the remuneration of senior executives, the robustness of audit and control processes and observance of the rights of minority shareholders are systematically analysed. 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. On the other hand, in the automotive sector or electrical equipment production, the company's ability to invest in developing products and solutions suited to providing the expected service will be evaluated while at the same time limiting greenhouse gas emissions when being used: hybrid or electrical vehicles, intelligent systems for regulating and optimising energy consumption: smart grid. Finally, certain sectors have a very tenuous direct environmental impact like media and finance.

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.

The securities are rated from 0 to 10. Each stock is associated with one of 30 ESG sectors determined by the Management Company using an initial investment universe representative of the strategic allocation.

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 SRI universe ratings of the HSBC Responsible Investment Funds – SRI Dynamic subfund are updated monthly.

Securities classified in the fourth quartile are excluded, but investment up to 15% maximum of assets classified in the third quartile and without restriction to those classified in the first and second quartiles is possible.

According to this stock-picking methodology, within the same sector, at least 25% of companies are excluded.

The subfund's portfolio must be brought into line with changes in quartiles resulting from changes in ratings within two weeks after the new SRI universes are sent out and at the latest before the end of each calendar month. 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 compartment may hold up to 10% of its assets in securities that are unrated under ESG criteria. Non-rated stocks are stocks for which our ESG contributor does not provide the essential data for calculating the E, S, and G data and the combined rating.

The transparency code for the HSBC Responsible Investment Funds – SRI Dynamic subfund is available to the public online at www.assetmanagement.hsbc.fr/fr and provides detailed information on the subfund'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 particular in visits to companies in the form of individual meetings and exercising our voting policy. This policy and the reports concerning the engagement and voting activities are available on the Management Company's website (www.assetmanagement.hsbc.fr/fr).

3) Assessment of financial criteria

This stage is devoted to the picking of stocks within the defined SRI universe based on purely financial criteria. We consider that businesses that meet all the non-financial and financial criteria conduct their business activity with a long-term development approach.

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

Strategy for picking bonds and debt securities

- 1- *active management of interest rate risk,* which is divided into sensitivity management and curve strategy. The overall sensitivity of the compartment 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 associated with the expertise of our team of credit analysts.

In addition, in order to achieve its management objective, the manager will have the possibility of investing in the HRIF- Europe Equity Green Transition, HRIF – SRI Euroland Equity, HRIF – SRI Euro Bond, and HRIF - SRI Global Equity subfunds of the Responsible Investment Funds OEIC.

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

Forex exposure is authorised potentially up to 10% of assets.

The subfund is eligible for share-based savings plans (PEA).

▶ Instruments used:

Equities:

The subfund invests a minimum of 75% and a maximum of 90% of its assets in equities and other similar securities traded on French and foreign regulated markets. The subfund may invest in small-, mid-, and large-cap stocks.

The manager may also proceed with investing in these instruments through French or European investment funds.

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.fr/fr).

Debt securities and money market instruments:

Between 10% and 25% of the subfund's assets are invested in fixed-rate bonds (including EMTN), negotiable debt instruments, floating-rate and inflation-indexed bonds, securitisation vehicles, and covered bonds.

The manager however may invest in these instruments through a French or European investment fund.

The subfund can invest up to 25% of its assets in private debt.

The debt securities and money market instruments will be issued by issuers rated Investment Grade at the time of purchase (minimum rating of BBB-/Baa3 by Standard and Poor's or equivalent, or deemed equivalent by the Management Company). The rating considered is the lower of the two.

The subfund invests in debt securities and money market instruments, within an intended utilisation range of between 0% and 10% and a rate equal to A1/P1 (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 assets and in the selection of securities to buy or sell.

The subfund's tolerance range is 0 to +2.5. The sensitivity of a bond corresponds to the price variation of this bond when the interest rates vary.

Shares or units of other investment funds (up to 100% of net assets):

To help achieve the management objective and for cash management.

- ☑ French or European UCITS;
- ☑ French retail investment funds or foreign hedge funds;
- ☑ other investment funds: trackers - ETFs.

The fund manager will invest in investment funds managed or distributed by an HSBC Group entity unless such funds are not eligible or suitable. These investment funds must meet specified financial and non-financial objectives.

The SRI strategies of the UCIs or investment funds that may be selected by the fund manager (excluding UCIs/investment funds managed by the Management Company) may use ESG indicators and/or different SRI approaches independent of the subfund.

Derivatives

Type of markets:

☑ regulated;

☑ organised;

☑ over-the-counter.

Fund manager's target risks:

☑ equity;

☑ interest rates;

☑ currency;

☐ credit;

☐ other risks (specify).

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

☑ hedging;

☑ exposure;

☐ arbitrage;

☐ other (to be stipulated).

Type of instruments used:

☑ futures (regulated markets);

☐ options on futures and securities (regulated markets);

☐ options on securities (OTC);

☐ swaps (OTC);

☑ forward exchange (OTC);

☐ credit derivatives.

The compartment 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: leverage 1;

☐ other strategy (specify).

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 affiliated with the HSBC Group.

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

This financial collateral policy specifies:

- The haircut applicable to financial collateral. It 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 in a third State with equivalent prudential requirements,
- 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 compartment may recall the cash at any time;
- invested in short-term money market funds.

The delivery of financial collateral in the form of securities and/or cash is held in distinct accounts by the depositary.

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

Fund manager's target risks:

☐ equity;

☑ interest rates;

☑ currency;

☑ credit;

☐ other risk (specify).

The types of investments and all transactions must be limited to achieving the management 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 compartment management objective by allowing for cash management.

Deposits may account for up to 10% of the compartment's net assets.

Cash loans

Exceptionally, the compartment 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 compartment may not carry out any temporary security acquisition and disposal transactions.

The Management Company's voting rights policy is available on our website (www.assetmanagement.hsbc.fr/fr).

▶ **Risk profile:**

Your money shall be invested mainly in financial instruments selected by the management company. These instruments shall be subject to market fluctuations and uncertainties.

Main risks:

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

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

- Interest rate risk: The portion of the portfolio invested in interest rate products may be impacted by interest rate fluctuations. When long-term interest rates increase, bond prices fall. These fluctuations may cause a decrease in the net asset value.

- Credit risk: When interest rate products are invested in securities issued by private issuers, the potential risk of the deterioration of the issuer's standing may negatively impact the price of the security. Consequently, the subfund's NAV may decrease.

- Equity risk: A decrease in share prices may lower the subfund's NAV. During periods of high equity market volatility, the NAV may decrease due to potential subfund exposure to these same markets. Subscribers are advised that small-cap markets include companies that, due to their low capitalisations, may fluctuate and thus decrease the value of the subfund's investments. Investment in small and mid-caps may result in a sharper and faster decline in the fund's value.

- Risk associated with financial futures: The use of futures may increase or decrease the volatility of the subfund and impact its NAV in either direction.

Incidental risks:

- Currency risk: This is the risk of investment currencies falling relative to the portfolio's 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 subfund's NAV.

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

- Counterparty risk: The subfund 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 compartment's NAV. This risk is reduced by the establishment of financial collateral between the compartment and the counterparty, as described in the Investment Strategy.

- Risk related to management of financial collateral: Investors may be exposed to legal risks (in connection with legal documentation, execution of contracts and the limits within them), an operational risk, and a risk related to the reuse of cash received as collateral. The subfund's net asset value may change due to fluctuations in the value of securities purchased through investment of cash received as collateral. In exceptional market circumstances, investors may also be exposed to a liquidity risk, leading to difficulties to trade certain securities, for example. 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 subfund 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, investors may also be exposed to a liquidity risk, leading to difficulties to trade certain securities, for example.

- Securitisation risk: For these instruments, credit risk principally relies on the quality of underlying assets, which may be varied (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 compartment.

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

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

- 1. As a financial market participant, the Investment Manager is subject to Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector.

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

- Sustainability risk is an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

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

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

- The sustainability risk policy can be found on HSBC Global Asset Management website: www.assetmanagement.hsbc.fr/fr.

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

- The potential impacts of sustainability risks on the subfund performance will also depend on the investments made by the Fund and the materiality of sustainability risks. The likelihood that sustainability risks will occur should be mitigated by the relevant Investment Manager's approach to integrating sustainability risks in its investment decision-making process as outlined in the Policy. The potential impacts of sustainability risks on the performance of Funds that use ESG criteria are further mitigated. However, there is no guarantee that these measures will completely mitigate or prevent the occurrence of sustainability risks for these Funds. As a result, the likely impact on Fund performance of an actual or potential material decline in the value of an investment due to a sustainability risk will vary and depend on several factors.

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

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

▶ **Guarantee or protection:**

None

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

AC shares: all subscribers

IC shares: all subscribers but most especially intended for institutional clients.

This product is especially intended for subscribers seeking a diversification instrument combining equities and bonds that meet high sustainable development standards while maintaining a long-term performance objective.

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 not in no way be borne by the compartment 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 compartment.

▶ **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 compartment's portfolio, plus income from temporary cash holdings, minus management fees and borrowing costs.

The amounts distributable by a UCITS consist of:

1. The net income, plus retained earnings, plus or minus the balance of accrued income;

2. Realised capital gains, net of costs, minus realised capital losses, net of costs, recognised during the financial year, plus net capital gains of the same type recognised during prior financial years that were not the subject of any distribution or accumulation, and minus or plus 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	**Equities**
Net earnings (1)	Accumulation
Net realised capital gains (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 NAV:

AC shares: 100 euros.

IC shares: 10,000 euros.

Minimum initial subscription amount:

AC shares: 1 thousandth of a share.

IC shares: 100,000 euros.

The change from one category of shares to another or from one compartment 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	Centralisation before 12:00	Execution of the order at the	Publication of the NAV	Subscription settlement	Redemption settlement

|PUBLIC|

noon of subscription orders*	noon of redemption orders*	very latest on D			

*Unless a specific deadline has been agreed with your financial institution

Subscription and redemption requests are centralised 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.

Subscribers are urged to send their instructions to their financial intermediary far enough in advance to allow them to be placed 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 Continental Europe 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 prices of the previous day if it is a business day. The net asset value is available from the Management Company.

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

HSBC Global Asset Management (France)

Cœur Défense, 110, esplanade du Général de Gaulle
La Défense 4 - 92400 Courbevoie

▶ **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 subfund 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, IC shares:
Subscription commission not paid into the compartment	net asset value × number of shares	2% maximum

Subscription commission paid into the compartment	net asset value × number of shares	None
Redemption commission not paid into the compartment	net asset value × number of shares	None
Redemption commission paid into the compartment	net asset value × 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 compartment are made without charge.

Expenses:

Financial management expenses and external administrative fees of the management company cover all expenses billed directly to the compartment, 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 compartment has surpassed its objectives. Hence the compartment is invoiced for them;*
- *transaction commissions billed to the compartment;*
- *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 compartment 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 compartment	**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 0.20% including taxes	
3	Maximum indirect charges (commissions and management fees)	Daily net assets	Maximum 0.30% including taxes	
4	Activity fees	Deduction from each transaction	None	
5	Performance commission	Daily net assets	None	

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. In carrying out this selection, the Management Company always upholds its “best execution” obligation.

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

The choice of counterparties and investment firms and service providers of HSBC Global Asset Management (France) is made according to a specific 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 to the UCITS’s depositary.

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

4. Commercial information on the OEIC

All information concerning the OEIC 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 OEIC's investment policy is available on HSBC Global Asset Management's website at the following address: www.assetmanagement.hsbc.fr/fr and in the OEIC's annual report.

5. Investment rules for OEICs

The statutory investment rules applying to this OEIC are those that govern UCITS under Directive 2009/65/EC in addition to those applying to its AMF classification.

6. Global risk for OEICs

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

7. Asset posting and evaluation rules of the OEIC

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

The compartment 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.

Investment funds are valued at the last known price.

Negotiable debt securities with a residual life of more than three months are valued at the market rate, with the exception of variable-rate or adjustable-rate negotiable debt securities not presenting any particular market sensitivity.

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.

Futures, options, or swaps on OTC markets, authorised by applicable UCI regulations, are measured at their market value or at an estimated value according to methods chosen 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 valued 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 price x Contract currency)

- OPTIONS

(Qty x delta) x (Nominal of underlying instrument x Daily price of 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.

Items entered in the portfolio are measured at their acquisition price minus costs.

Transaction fees are recognised in specific accounts of each subfund and are not added to the price.

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

Valuation of financial collateral

Collateral is valued daily at the market price (mark to market).

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.

Accounting method

Revenue from financial instruments is booked according to the cashed coupon method.

Transaction fees are recognised in specific accounts of the subfund and are not added to the price.

Securities bought and sold are recognised excluding costs.

Swing pricing mechanism

The Management Company has implemented a swing pricing mechanism to adjust the net asset value of the subfunds once a trigger point is reached in order to protect the interests of the unitholders in each subfund.

Under this mechanism, investors bear the portfolio adjustment costs – including transaction fees, bid/offer spreads and taxes or fees applicable to the UCI – related to investments or disinvestments when there are significant numbers of subscriptions and redemptions.

When the net balance of investor subscription and redemption orders exceeds a predefined threshold, called the “trigger point”, the NAV is adjusted.

The NAV is adjusted up or down if the balance of subscriptions/redemptions is respectively positive or negative, so as to take into account the readjustment costs attributable to the net subscription and/or redemption orders.

The trigger point is expressed as a percentage of the net assets of the compartment.

The parameters for the trigger point and the NAV adjustment factor are determined by the management company and periodically reviewed.

The adjusted (“swung”) NAV is the only NAV of the subfund in question and is therefore the only NAV published and communicated to unitholders.

By applying swing pricing with a trigger point, it is possible that the UCI’s volatility will not come from only the volatility of the financial instruments in the portfolio.

In accordance with the regulatory provisions, the management company does not communicate the trigger points and ensures that internal communication channels are restricted so as to safeguard 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 compartment'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 compartment.

However, the redemption by the compartment 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 compartment 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 compartment is temporarily withdrawn, or

b) The valuation of the financial instruments held by the compartment 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 compartment or to intervene in the investment markets of the compartment, or if this is not possible without seriously harming the interests of shareholders in the compartment, 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 compartment or for the execution of subscriptions or redemptions of shares in the compartment 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 online at: www.assetmanagement.hsbc.fr/fr or free of charge with a written request to the Management Company.

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