

# HSBC Malta Funds SICAV p.l.c.

Investment Company with Variable Share Capital  
Incorporated in Malta

Prospectus  
31<sup>st</sup> October 2024

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# Important information

HSBC MALTA FUNDS SICAV p.l.c. (the “Company”) is an open-ended collective investment scheme organised as a multi-fund public limited liability company with variable share capital registered under the Laws of Malta and licensed by the Malta Financial Services Authority in terms of the Investment Services Act (Chapter 370, Laws of Malta) (the “Act”). The Company qualifies as a ‘Maltese UCITS’ in terms of the Investment Services Act (Marketing of UCITS) Regulations (S.L. 370.18, Laws of Malta).

No dealer, salesman or any other person has been authorised to give any information or to make any representations, other than those contained in this Prospectus and in the documents referred to herein, in connection with the offer hereby made, and, if given or made, such information or representations must not be relied upon as having been authorised by the Company.

The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of Investor Shares shall not, under any circumstances, create any implication that the affairs of the Company have not changed since the date hereof.

This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

The distribution of this Prospectus and the offering of the Investor Shares may be restricted in certain jurisdictions. It is the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for Investor Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdictions. Prospective subscribers for Investor Shares should inform themselves as to legal requirements so applying and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile.

The key information document of each Class of each Sub-Fund (“Key Investor Information Document”), the latest annual and any semi-annual reports of the Company are available at the registered office of the Company and will be sent to investors upon request. Such reports shall be deemed to form part of this Prospectus.

The Key Investor Information Documents are available on <https://www.assetmanagement.hsbc.com.mt/en/individual-investor/fund-centre>. Before subscribing to any Class and to the extent required by local laws and regulations each investor shall consult the Key Investor Information Documents. The Key Investor Information Documents provide information in particular on historical performance, the synthetic risk and reward indicator and charges. Investors may download the Key Investor Information Documents on the website mentioned above or obtain them in paper form or on any other durable medium agreed between the Management Company or the intermediary and the investor.

## United States of America

The Investor Shares in the Company have not been and will not be registered under the United States Securities Act of 1933 (the “Securities Act”) or under the securities laws of any state and the Company has not been and will not be registered under the Investment Company Act 1940 (the “Investment Company Act”). This document may not be distributed, and the Investor Shares in the Company may not be offered or sold within the United States of America or to US Persons, (as specified under the “US Person” definition in the Glossary of the Prospectus).

The Company is authorised and regulated in Malta. HSBC Holdings plc (“HSBC”) is the ultimate parent company of a number of affiliates involved in the management, investment management and distribution of the Company. HSBC is regulated by the Federal Reserve in the United States of America as a Financial Holding Company (“FHC”) under the Bank Holding Company Act (and its associated the rules and regulations) (the “BHCA”). As an FHC, the activities of HSBC and its affiliates are subject to certain restrictions imposed by the BHCA.

## Bank Holding Company Act

Although HSBC does not own a majority of the Investor Shares, the relationship with HSBC means that HSBC may be deemed to “control” the Company within the meaning of the BHCA. Investors should note that certain operations of the Company, including its investments and transactions, may therefore be restricted in order to comply with the BHCA.

For example, in order to comply with the BHCA a Sub-Fund may be:

1. restricted in its ability to make certain investments;
2. restricted in the size of certain investments;

3. subject to a maximum holding period on some or all of its investments; and/or
4. required to liquidate certain investments.

In addition, certain investment transactions made between the Company and the Management Company, the Board of Directors, HSBC and their affiliates may be restricted.

Any actions required pursuant to the BHCA will be executed in compliance with applicable law and in a manner consistent with the best interests of the Unitholders of each Sub-Fund. Investors should also refer to Section 2.19 "Conflicts of Interest".

There can be no assurance that the bank regulatory requirements applicable to HSBC and/or indirectly to the Company, will not change, or that any such change will not have a material adverse effect on the investments and/or investment performance of the Sub-Funds. Subject to applicable law, HSBC and the Company may in the future, undertake such actions as they deem reasonably necessary (consistent with ensuring any actions remain in the best interests of the Unitholders of the Sub-Funds) in order to reduce or eliminate the impact or applicability of any bank regulatory restrictions on the Company and its Sub-Funds.

#### Canada

The Investor Shares described in this Prospectus have not been authorised in Canada and accordingly shares in the Company may not be offered, promoted, or distributed directly or indirectly in Canada or to a resident of Canada. A distribution or solicitation may be deemed to occur in Canada where a distribution or solicitation is made to a person (including an individual, corporation, trust, partnership or other entity, or other legal person) resident or otherwise located in Canada at the applicable time. For these purposes, the following persons will generally be considered to be a Canadian resident:

1. An individual, if:
  - i. the individual's primary principal residence is located in Canada; or
  - ii. the individual is physically located in Canada at the time of the offer, sale or other relevant activity.
2. A corporation, if:
  - i. the corporation's head office or principal office is located in Canada; or
  - ii. securities of the corporation that entitle the holder to elect a majority of the directors are held by Canadian Resident individuals (as described above) or by legal persons resident or otherwise located in Canada; or
  - iii. the individuals that make investment decisions or provide instructions on behalf of the corporation are Canadian Resident individuals (as described above).
3. A trust, if:
  - i. the principal office of the trust (if any) is located in Canada; or

- ii. the trustee (or in the case of multiple trustees, the majority of trustees) are Canadian Resident individuals (as described above) or are legal persons resident or otherwise located in Canada; or
- iii. the individuals that make investment decisions or provide instructions on behalf of the trust are Canadian Resident individuals (as described above).

#### 4. A partnership, if:

- i. the partnership's head office or principal office (if any) is located in Canada; or
- ii. the holders of the majority of the interests of or in the partnership are held by Canadian Residents (as described above); or
- iii. the general partner (if any) is a Canadian Resident (as described above); or
- iv. the individuals that make investment decisions or provide instructions on behalf of the partnership are Canadian Resident individuals (as described above).

The above may be amended from time to time and unless already revised in the Prospectus you would be informed of any updates at time of application for Investor Shares.

#### Data Protection

Any information concerning Unitholders or potential investors (the "**Personal Data**") and individuals connected with such Unitholders or potential investors, including but not limited to directors, employees and/or agents, representatives and/or beneficial owners and Unitholders (together the "**Data Subjects**"), provided to, or collected by or on behalf of, the Company (directly from Data Subjects or from publicly available sources and from external sources) will be processed by the latter as data controller (the "**Controllers**" – contact details available at HSBC Malta Funds SICAV p.l.c. at <https://www.assetmanagement.hsbc.com.mt> in compliance with applicable data protection laws, in particular the Data Protection Act (Cap. 586, laws of Malta) and Regulation (EU) 2016/679 of 27 April 2016, the "**General Data Protection Regulation**" (together the "**Data Protection Legislation**").

Failure to provide certain requested Personal Data may result in the impossibility to invest or hold Investor Shares of the Company.

Personal Data will be processed by the Controllers and disclosed to, and processed by, services providers acting as processors on behalf of the Controllers such as the Management Company, Depositary Bank, Paying Agent and Administrator, the Distributors, the Nominee, auditors, legal and financial advisers (the "**Processors**") for certain purposes which include, but are not limited to (for more information please refer to the more detailed privacy notice) (i) offering and managing investments and performing the related services (ii) developing and processing the business relationship with the Processors, (iii) verifying your identity as part of our client onboarding process (iv) carrying out your instructions (v) keeping track of our conversations with you

(by phone, in person, by email or any kind of communication including email screening and (vi) managing our internal operational requirements for risk management, system or product development and planning, insurance, audit and administrative purposes (the “**Purposes**”).

Personal Data will also be processed by the Controllers and Processors to comply with legal or regulatory obligations applicable to them such as cooperation with, or reporting to, public authorities including but not limited to legal obligations under applicable fund and company law, anti-money laundering and counter terrorist financing (AML-CTF) legislation, prevention and detection of crime, tax law such as reporting to the tax authorities under Foreign Account Tax Compliance Act (FATCA), the Common Reporting Standard (CRS) or any other tax identification legislation to prevent tax evasion and fraud as applicable (the “**Compliance Obligations**”).

The Controllers and/or the Processors may be required to report information (including name and address, date of birth and U.S. tax identification number (TIN), account number, balance on account, the “**Tax Data**”) to the Maltese tax authorities which will exchange this information with the competent authorities in permitted jurisdictions (including outside the European Economic Area) for the purposes provided for in FATCA and CRS or equivalent Maltese legislation. It is mandatory to answer questions and requests with respect to the Data Subjects’ identification and Investor Shares held in the Company and, as applicable, FATCA and/ or CRS and failure to provide relevant Personal Data requested by the Controllers or the Processors in the course of their relationship with the Company may result in incorrect or double reporting, prevent them from acquiring or maintaining their Investor Shares of the Company and may be reported to the relevant Maltese authorities.

In certain circumstances, the Processors may also process Personal Data of Data Subjects as controllers, in particular for compliance with their legal obligations in accordance with laws and regulations applicable to them (such as anti-money laundering identification) and/or order of any competent jurisdiction, court, governmental, supervisory, or regulatory bodies, including tax authorities.

Communications (including telephone conversations and e-mails) may be recorded by the Controllers and Processors including for record keeping as proof of a transaction or related communication in the event of a disagreement and to enforce or defend the Controllers’ and Processors’ interests or rights in compliance with any legal obligation to which they are subject. Such recordings may be produced in court or other legal proceedings and permitted as evidence with the same value as a written document and will be retained for a period of 10 years starting from the date of the recording. The absence of recordings may not in any way be used against the Controllers and Processors.

Personal Data of Data Subjects may be transferred outside of the European Union (including to Processors), in countries which are not subject to an adequacy decision of the European Commission and whose legislation does not ensure an adequate level of protection as regards the processing of personal data.

Insofar as Personal Data is not provided by the Data Subjects themselves, the Unitholders represent that they have authority to provide such Personal Data of other Data Subjects. If the Unitholders are not natural persons, they undertake and warrant to (i) adequately inform any such other Data Subject about the processing of their Personal Data and their related rights as described below and in the information notice and (ii) where necessary and appropriate, obtain in advance any consent that may be required for the processing of the Personal Data.

Personal Data of Data Subjects will not be retained for longer than necessary with regard to the Purposes and Compliance Obligations, in accordance with applicable laws and regulations, subject always to applicable legal minimum retention periods.

Detailed data protection information is contained in the privacy notice available at <https://www.assetmanagement.hsbc.com.mt> in particular in relation to the nature of the Personal Data processed by the Controllers and Processors, the legal basis for processing, recipients, safeguards applicable for transfers of Personal Data outside of the European Union.

The Unitholders have certain rights in relation to Personal Data relating to them including the rights to access to or have Personal Data about them rectified or deleted, ask for a restriction of processing or object thereto, right to portability, right to lodge a complaint with the relevant data protection supervisory authority and the right to withdraw consent after it was given). The information notice contains more detailed information concerning these rights and how to exercise them.

The full privacy notice is also available at <https://www.assetmanagement.hsbc.com.mt> The Unitholders’ attention is drawn to the fact that the data protection information contained herein and in the information notice is subject to change at the sole discretion of the Controllers.

### **Segregation of Assets**

The assets and liabilities of each Sub-Fund are and shall be treated for all intents and purposes of law as, a patrimony separate from the assets and liabilities of each other Sub-Fund. Accordingly, the liabilities incurred in respect of each Sub-Fund shall be paid out of the assets forming part of the patrimony of such Sub-Fund. In the event that the liabilities of a particular Sub-Fund exceed its assets, then the proportion of liabilities in excess of the assets shall not be allocated to the other Sub-Funds. The creditors of that Sub-Fund whose liabilities exceed its assets shall have no claim or right of action against the assets of the other Sub-Funds, and the provisions of any law or regulation in force regulating the insolvency of companies shall not be applicable.

The Board of Directors shall hold or shall cause to be held such separate accounts, records, statements, and other documents as may be necessary to evidence the liabilities and assets of each Sub-Fund as distinct and separate from the assets and liabilities of all the other Sub-Funds. In the case of classes of Investor Shares issued in the same Sub-Fund, all assets and liabilities of each such Class would form part of the total assets and liabilities of the Sub-Fund of which such a Class forms part.

Investors should, however, be aware that in the event a claim is made against the Company, if the assets attributable to a Sub-Fund in respect of which the claim is made are insufficient to cover such claim, then the creditor may nonetheless be allowed by non-Maltese courts to have recourse to the assets attributable to other Sub-Funds if such non-Maltese courts refuse to apply the protection afforded to Unitholders under Maltese law.

### **Malta Stock Exchange**

The Classes of Investor Shares issued in respect of the Malta Bond Fund, the Malta Government Bond Fund and the Maltese Assets Fund are listed on the Malta Stock Exchange. For so long as the Investor Shares of these Sub-Funds remain listed on the Malta Stock Exchange, the Company shall comply with the requirements of the Malta Stock Exchange relating to those Investor Shares.

No application has been filed for the listing of the Investor Shares in the International Bond Fund and the Equity Growth Fund on any Regulated Market nor is it intended for the time being that such an application be filed. Nonetheless, the Board of Directors reserve the right to list the Investor Shares of these Sub-Funds or any future Sub-Funds on any Regulated Market in the future.

The Board of Directors do not anticipate that an active secondary market will develop for the Investor Shares in the Company.

### **Memorandum and Articles of Association**

The Company and the Sub-Funds comprising the classes of Investor Shares therein are constituted under the Companies Act, and consequently all the rules and regulations relating to the Company, its Sub-Funds, its administration, the rights of the holders of Shares, and all matters related to the pricing, acquisition and repurchase of the Investor Shares are contained in the Memorandum and Articles of Association, a full version of which is available for inspection at the Company's business address.

The Memorandum and Articles of Association are also available for inspection at the Malta Business Registry from where certified copies can be obtained. All Investors who have acquired Shares in the Company are entitled to the rights arising from, are bound by and are deemed to have notice of, the Memorandum and Articles of Association.

### **Lodging of prospectus**

A copy of this Prospectus has been lodged with the Registrar of Companies in accordance with Regulation 3(8) of the Investment Services Act (Prospectus of Collective Investment Schemes) Regulations (S.L. 370.04, laws of Malta). A copy of this Prospectus has also been filed with the Listing Authority and the Malta Stock Exchange in satisfaction of the Listing rules.

### **Additional Information**

The Board of Directors and the Management Company draw the investors' attention to the fact that investors will only be able to fully exercise their investor rights directly against the Company if investors are themselves registered and in their own name in the Company's register of Unitholders maintained by the Administrator.

Where an investor invests in the Company through HBMT 'as nominee' it may not always be possible for the investor to exercise certain shareholder rights directly against the Company. Investors should seek advice from their financial advisor or intermediary on their rights in the Company.

### **Investors' rights**

The Investor shares are registered in the name of HBMT 'as nominee' for all the Investors in the Company apart from when HBMT acquires shares on its own account. The Investors have the following rights:

#### **Rights of ownership**

The Account Holders are the beneficial owners of the units held for them by HBMT. When the Account Holder is himself a nominee, he is deemed to be the owner of the units.

#### **Voting rights**

Rules for the calling and conduct of meetings of Members are contained in the Articles. HBMT will pass such information to the Account Holder and issue such proxies as the said person shall request, including the Investor himself. The Investor would then be able to act directly in relation to the shares. On a show of hands, every person shall be entitled to one vote during general meetings. On a poll every person has one vote for every complete undivided share in the Company. An Account Holder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way. Fractional shares shall not carry any voting rights.

#### **Amendments**

Any changes to the investment objectives of any Sub-Fund shall be notified to investors in advance of the change. Furthermore, the investment objective of any Sub-Fund may only be changed with the consent in writing of the holders of three-fourths of the issued shares of the relevant Sub-Fund, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of such Sub-Fund in terms of the Articles. Any change in the investment objectives will only become effective after all redemption requests received during the relevant notice period have been satisfied.

At any time, the Directors may, at their sole discretion, alter the investment policies and restrictions of any Sub-Fund. Such changes shall be notified to investors in advance of the change. Notification to investors will be through a Public Notice in the Press or a Notice on the Company website.

All alterations to the investment objective, policies or restrictions of any Sub-Fund shall require the consent of the MFSA.

Statements made in this Prospectus are, except where otherwise stated, based on the law and practice currently in force in Malta and are subject to changes therein.

**The Company accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, there are no other facts or omissions which would make any statement misleading.**

**If you are in any doubt as to the contents of this Prospectus, you should consult your financial advisor or intermediary.**

**It should be remembered that the price of Investor Shares and the income from them can go down as well as up and that investors may not receive, on redemption of their Investor Shares, the amount that they originally invested.**

**HSBC MALTA FUNDS SICAV p.l.c. (including each of its Sub-Funds) is licensed as a collective investment scheme by the Malta Financial Services Authority in terms of the Investment Services Act (Chapter 370, Laws of Malta) and qualifies as a 'Maltese UCITS' in terms of the Investment Services Act (Marketing of UCITS) Regulations (S.L. 370.18, Laws of Malta). Authorisation of the Company and its Sub-Funds by the MFSA does not constitute a warranty by the MFSA as to the performance of the Company and its Sub-Funds and the MFSA shall not be liable for the performance or default of the Company and its Sub-Funds.**

**The circulation of this Prospectus in Malta has also been approved by the MFSA.**

#### **Risk Factors**

An Investment in the Company should be regarded as a medium to long term investment. It should be noted that the price of Investor Shares may fall as well as rise, and that Investors may not get back the amount they have invested should they choose to realise their Investor Shares. Your attention is drawn to the sub-section headed 1.5 General Risk Considerations of this Prospectus.

# Glossary

The following summarises the principal features of the Company and should be read in conjunction with the full text of this Prospectus.

Account Holder	A person who has established an Investment Account with HSBC Bank Malta p.l.c.
Administrator	HSBC Securities Services (Ireland) DAC or any successor as may be appointed from time to time.
Application Form	The application form available from HBMT for prospective investors including the appointment of HBMT as nominee to the investors.
Approved Counterparty	<p>Counterparties who:</p> <ul style="list-style-type: none"> <li>• are not the Management Company or the Depositary Bank;</li> <li>• form part of a group whose head office or parent company is licensed, registered or based in Malta, or in any member of the OECD or the EEA;</li> <li>• are subject to prudential supervision in accordance with provisions equivalent to EU Directive 93/6/EEC or EU Directives 73/239/EEC and 79/267/EEC as amended; and</li> <li>• have a credit rating of at least A (Standards &amp; Poor's) or A2 (Moody's) or such other rating acceptable to the MFSA.</li> </ul> <p>In the case of an OTC FDI transaction, such counterparty must satisfy the Company that it has:</p> <ul style="list-style-type: none"> <li>• agreed to value the transaction at least weekly; and</li> <li>• will close out the transaction at the request of the Management Company or the Company at fair value.</li> </ul>
Base Currency	In respect of a Class of Investor Shares, the currency in which a Class of Investor Shares is denominated; in respect of a Sub-Fund, the currency in which the Net Asset Value of the Sub-Fund is expressed and calculated which shall be the Base Currency of one of the Classes of Investor Shares comprising that Sub-Fund, in respect of the Company, the EUR.
Board of Directors or Directors	The board of directors of the Company.
Business Day	A Day on which banks are open for normal banking business in Malta (excluding Saturdays and Sundays) and/ or such further places as the Board of Directors and/or the Management Company may from time to time determine.



Class(es) of Investor Shares/ Share Class(es)/ Class(es)	Under the Memorandum and Articles of Association, the Board of Directors may decide to issue, within each Sub-Fund, separate classes of Investor Shares (referred to as a "Share Class" or "Class of Investor Shares" or "Class", as appropriate) whose assets will be commonly invested but where a specific initial or redemption charge structure, fee structure, Minimum Investment, Minimum Holding, currency, dividend policy or other feature may be applied.
Collective Investment Scheme	A UCITS or Other Eligible UCI.
Company	HSBC Malta Funds SICAV p.l.c.
Companies Act	The Companies Act (Chapter 386, Laws of Malta) and any regulations issued under it.
Connected Person	In relation to a company means: <ul style="list-style-type: none"> <li>a. any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise directly or indirectly, 20% or more of the total votes in that company; or</li> <li>b. any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or</li> <li>c. any member of the group of which that company forms part; or</li> <li>d. any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c).</li> </ul>
Credit Institution	An undertaking whose business is to take deposits or other repayable funds from the public and to grant credits for its own account.
Dealing Day	Unless otherwise provided in Section 3.2. of this Prospectus under "Sub-Fund Details" in relation to the "Net Asset Value Calculation" for a specific Sub-Fund, Dealing Day means any Business Day (other than days during a period of suspension of dealing in Investor Shares) and which is also for each Sub-Fund, a day where stock exchanges and Regulated Markets in countries where the Sub-Fund is materially invested are open for normal trading.
Depositary Bank	Sparkasse Bank Malta p.l.c. or such other Depositary Bank as may be appointed from time to time.
Distributor	As at the date of this Prospectus, the Management Company has appointed HBSC Bank Malta p.l.c., a member of the HSBC Group, as the sole Distributor of the Company.
Eligible State	(i) Any Member State of the EU or any other state in Europe, Asia, Africa, Australia, North America, South America, and Oceania; (ii) any local authorities situated in (i); and (iii) any public international body of which one or more of the member State of the European Union or of other states in (i) are members.
Emerging Markets	Emerging markets are those markets in countries or territories that are not amongst the following groups of industrialised countries or territories: United States of America and Canada, Switzerland and Members of the European Economic Area, the UK, Japan, Australia, and New Zealand, and may include those countries in the preceding groups that do not have fully developed financial markets. Unless otherwise specified, the term Emerging Markets includes Frontier Markets.

ETF or Exchange Traded Fund	A Collective Investment Scheme whose shares or units are listed and traded on a Regulated Market or other stock exchange. For the avoidance of doubt, an ETF may be a 'UCITS ETF' or an Other Eligible UCI that qualifies as an ETF.
EU	European Union.
EUR	Euro.
Europe	Countries of the EU including the United Kingdom and Greece (irrespective of their continued participation in the EU) plus Iceland, North Macedonia, Montenegro, Serbia, and Turkey.
Ex-Dividend date	The Ex-Dividend Date is the first date on which a security is traded without the right to receive its most recently declared dividend. To qualify for the upcoming dividend payment, an investor must purchase or hold the security before the ex-dividend date. Investors who acquire the security on or after the ex-dividend date will not receive the dividend; instead, it will be paid to the prior holder. The ex-dividend date typically precedes the "record date" (i.e. the date when the company determines that prevailing shareholders are eligible for the dividend payment) by one business day.
Feeder Fund	A UCITS or Other Eligible UCI which invests at least 85% of its assets in one fund.
Frontier Markets	Frontier markets are those markets that are at an earlier stage of economic and political development than Emerging Markets. A frontier market is less established than an emerging market. The list of countries that are considered Frontier Markets may change over time based on how they are classified by, amongst others, international rating agencies.
Fund of Funds	A UCITS or Other Eligible UCI which invests predominantly in other funds.
GBP	Pound Sterling.
Gross Assets	Gross Assets refer to the aggregate Gross Asset Value of all the assets held across the Sub-Funds by the SICAV.
HBMT	HSBC Bank Malta p.l.c.
International Debt Securities	Fixed income securities, whether issued by Supranational Organisations, Sovereign Nations including agencies and local authorities, or private issuers, that are not Maltese Debt Securities.
Investment Account System	The securities holding system provided to investors by HBMT or by any member of the group of which HBMT forms part, or by any other successor entity through which all persons purchase and hold Investor Shares in the Company. Any change in the entity operating the Investment Account System (not forming part of the HSBC Group) shall be notified 30 days in advance of such change coming into effect, to all persons who hold Investor Shares in the Company as of the date of notification.
Investment Account	An investment account maintained with HBMT and operated through the Investment Account System.
Investment Grade	Fixed income securities that are rated BBB- or higher as determined by Standard and Poor's, or equivalent rating by Moody's or Fitch, or if unrated by these three rating agencies, an equivalent rating as determined by a recognised rating agent or as estimated by the Management Company to be of comparable quality.
Investor Shares	Shares in the Company which constitute a Sub-Fund of the Company and which are available for subscription.

ISA	The Investment Services Act (Chapter 370, Laws of Malta).
Listing Authority	The competent authority having the functions assigned to it in terms of Article 11 of the Financial Markets Act (Chapter 345, Laws of Malta).
Listing Rules	The rules issued by the Listing Authority as amended from time to time.
Malta Stock Exchange	The Malta Stock Exchange plc established in terms of the Financial Markets Act (Chapter 345, Laws of Malta).
Maltese Debt Securities	Include fixed income securities issued or guaranteed by Maltese private issuers as well as by the Maltese government including its agencies or which are listed on the Malta Stock Exchange.
Management Company	HSBC Global Asset Management (Malta) Limited.
Member State	A Member State of the European Union. The States that are contracting parties to the Agreement creating the European Economic Area other than the Member States of the European Union, within the limits set forth by this Agreement and related acts, are considered as equivalent to Member States of the European Union.
Memorandum and Articles of Association	The Memorandum and Articles of Association of the Company, as amended from time to time.
MFSA	The Malta Financial Services Authority and/or any successor competent authority under the ISA exercising supervisory and regulatory powers over the Company.
MFSA Rules	Any guidelines, guides, or rules, issued by the MFSA, and any amendments to them from time to time in force, which may be applicable to the Company and the Sub-Funds.
Minimum Holding	Such amount as may be specified in this Prospectus to be the minimum holding of Investor Shares in any Sub-Fund.
Minimum Investment	Such amount as may be specified in this Prospectus to be the minimum value of the initial or any subsequent investment in a Sub-Fund.
Money market instruments	Instruments normally dealt in on the money market which are liquid, and have a value which can be accurately determined at any time.
NAV	Net Asset Value.
Net Assets	Net Assets refer to the aggregate Net Asset Value of all the portfolios held across the Sub-Funds by the SICAV.
Net Asset Value(s) per Share	In relation to any Investor Shares of any Class, the value per Share determined in accordance with the relevant provisions described under the heading "Determination of NAV and Valuation of Assets" under [Section 2.8. "Prices of Investor Shares and Publication of Prices and NAV"].
Non-Investment Grade	Fixed income securities that are rated between BB+ or B- as determined by Standard and Poor's, or equivalent rating by Moody's or Fitch, or if unrated by these three rating agencies, an equivalent rating as determined by a recognised rating agent or as estimated by the Management Company to be of comparable quality.
OECD	Organisation for Economic Co-operation and Development.

Other Eligible UCI	<p>An open-ended Undertaking for Collective Investment within the meaning of Article 1 paragraph (2) points a) and b) of Directive 2009/65/EC and complying with the following:</p> <ul style="list-style-type: none"> <li>• it is authorised under laws which provide that it is subject to supervision considered by the MFSA to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured;</li> <li>• provided for Unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the UCITS Directive 2009/65/EC, as amended;</li> <li>• its business is reported in semi-annual and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period; and</li> <li>• no more than 10% of its assets can, according to its management regulations or instruments of incorporation, be invested in aggregate in units of other Collective Investment Schemes.</li> </ul> <p>Closed-ended collective investment schemes are not considered as Other Eligible UCIs but may qualify as transferable securities.</p>
Prospectus	This prospectus and any supplemental statements hereto and any prospectus from time to time issued by the Company.
Registrar and Transfer Agent	The Administrator or any successor registrar or transfer agent as may be appointed from time to time.
Regulated Market	A regulated market as defined in Article 4 (21) of directive 2014/65/EU of 15 May 2014 on markets in financial instruments (Directive 2014/65/EU), namely a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/ or systems, and which is authorised and functions regularly and in accordance with Title III of Directive 2014/65/EU and any other market which is regulated, operates regularly and is recognised and open to the public in an Eligible State.
Sovereign Nation	Includes political subdivisions, agencies or instrumentalities of such sovereign nations.
Sub-Fund	The distinct Class or Classes of Investor Shares constituting that Sub-Fund to which are allocated assets and liabilities distinct from other assets and liabilities allocated to other Sub-Funds. A Sub-Fund may pursue investment objectives and adhere to investment policies different from those of the other Sub-Funds and may be made up of more than one Class of Investor Shares.
Supranational Organisation	Any intergovernmental organisation or organisation whose members are primarily governments of Sovereign Nations.
Total Return Swap	A Total Return Swap (“TRS”) is the generic name for any over-the-counter swap agreement where one party agrees to pay the other the “total economic performance” (including income from interest and fees, gains and losses from price movement and credit losses) of a defined underlying asset, usually in return for receiving a stream of fixed or variable rate cash-flows. The TRS may be applied to transferable securities and cash held by the relevant Sub-Fund.

For all Sub-Funds using instruments that might swap the performance of one asset into the performance of another (a TRS), the underlying exposure(s) of the TRS, or an instrument with similar characteristics, is taken into account when considering the Sub-Funds' investment limits.

Transferable securities	Shares and other securities equivalent to Shares, bonds and other debt instruments and any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange, excluding techniques and instruments relating to transferable securities and money market instruments.
UCITS	An Undertaking for Collective Investment in Transferable Securities authorised under directive 2009/65/EC, as amended.
Unitholder	A person registered as the holder of Investor Shares in the Company's register of unitholders maintained by the Administrator.
US	The United States of America (including the States and the District of Columbia), its territories, possessions, and all other areas subject to its jurisdiction.
US Law	The laws of the United States of America (including the States and the District of Columbia), its territories, possessions, and all other areas subject to its jurisdiction. US Law shall additionally include all applicable rules and regulations, as supplemented and amended from time to time, as promulgated by any US regulatory authority, including, but not limited to, the Securities and Exchange Commission and the Commodity Futures Trading Commission.
US Person	<p>Investor Shares of the Company may not be offered or sold to any "US Person" ("USP"), for the purposes of this restriction, the term US Person shall mean the following:</p> <ol style="list-style-type: none"><li>1. An individual who is a resident of the US under any US Law.</li><li>2. A corporation, partnership, limited liability company, collective investment vehicle, investment company, pooled account, or other business, investment, or legal entity:<ol style="list-style-type: none"><li>a. created or organized under US Law;</li><li>b. created (regardless of domicile of formation or organisation) principally for passive investment (e.g. an investment company, fund or similar entity excluding employee benefit or pension plans):<ol style="list-style-type: none"><li>i. and owned directly or indirectly by one or more USPs who hold, directly or indirectly, in aggregate a 10% or greater beneficial interest, provided that any such USP is not defined as a Qualified Eligible Person under CFTC Regulation 4.7(a);</li><li>ii. where a USP is the general partner, managing member, managing director or other position with authority to direct the entity's activities;</li><li>iii. where the entity was formed by or for a USP principally for the purpose of investing in securities not registered with the SEC unless such entity is comprised of Accredited Investors, as defined in Regulation D, 17 CFR 230.501(a), and no such Accredited Investors are individuals or natural persons; or</li></ol></li></ol></li></ol>

- iv. where more than 50% of its voting ownership interests or non-voting ownership interests are directly or indirectly owned by USPs.
  - c. that is an agency or branch of a non-US entity located in the US; or
  - d. that has its principal place of business in the US.
- 3. A trust:
  - a. created or organized under US Law; or
  - b. where, regardless of domicile of formation or organisation:
    - i. any settlor, founder, trustee, or other person responsible in whole or in part for investment decisions for the trust is a USP;
    - ii. the administration of the trust or its formation documents are subject to the supervision of one or more US courts; or
    - iii. the income of which is subject to US income tax regardless of source.
- 4. An estate of a deceased person:
  - a. who was a resident of the US at the time of death or the income of which is subject to US income tax regardless of source; or
  - b. where, regardless of the deceased person's residence while alive, an executor or administrator having sole or shared investment discretion is a USP or the estate is governed by US Law.
- 5. An employee benefit or pension plan that is:
  - a. established and administered in accordance with US Law; or
  - b. established for employees of a legal entity that is a USP or has its principal place of business in the US.
- 6. A discretionary or non-discretionary or similar account (including a joint account) where:
  - a. one or more beneficial owners is a USP or held for the benefit of one or more USPs; or
  - b. the discretionary or similar account is held by a dealer or fiduciary organized in the US.

If, subsequent to a shareholder's investment in the Company, the shareholder becomes a US Person, such shareholder (i) will be restricted from making any additional investments in the Company and (ii) as soon as practicable have its Investor Shares compulsorily redeemed by the Company (subject to the requirements of the Memorandum and Articles of Association and the applicable law).

The Company may, from time to time, waive or modify the above restrictions. Unless already revised in the Prospectus you would be informed of any updates at time of application for Investor Shares.

**General**

For the purposes of this Prospectus unless the context otherwise requires or implies:

- i. words importing the singular include the plural and vice versa;
- ii. words which are gender neutral or gender specific include each gender;
- iii. other parts of speech and grammatical forms of a word or phrase defined in the Prospectus has a corresponding meaning;
- iv. an expression importing a natural person includes a company, partnership, joint venture, association, corporation or other body corporate and a government agency;
- v. a reference to "includes" means to include without limitation;
- vi. a reference to a law, directive or regulation is a reference to that law, directive or regulation as amended, consolidated, replaced or recast;
- vii. a reference to a document includes all amendments or supplements to that document, or replacements or novations of it;
- viii. a reference to a Section, Part, Paragraph or Appendix refers to a Section, Part, Paragraph or Appendix of this Prospectus;
- ix. a reference to an entity in the Prospectus (as the context requires) includes that entity's successors and permitted assigns; and
- x. all references to currencies shall include any successor currency;
- xi. in writing shall mean written, printed, lithographed, photographed, telexed, telefaxed, emailed or represented by any other substitute for writing or partly one and partly another and shall include other electronic means of communications accepted by the Company.

The Directors shall not be bound to register more than four persons as joint holders of any Investor Shares and only the name and address of the first named holder need be entered in the Register. Notices sent to such person's address shall be deemed sufficient delivery to all.

# Section 1 – General information

The Company offers investors, within the same investment vehicle, a choice of investments in one or more Sub-Funds, in respect of which a separate portfolio of investments is held, which are distinguished among others by their specific investment policy and objective and/or by their Base Currency.

Within each Sub-Fund, Investor Shares may be offered in different Classes which are distinguished by specific features, as more fully described in Section 3.2. “Sub-Fund Details”.

In accordance with Regulation 9 of the Companies Act (Investment Companies with Variable Share Capital) Regulations (S.L. 386.02, Laws of Malta), the assets of a Sub-Fund are exclusively available to satisfy the rights of Unitholders in relation to that Sub-Fund and the rights of creditors whose claims have arisen in connection with the creation, operation or liquidation of that Sub-Fund.

The assets and liabilities of each Sub-Fund shall as a result be treated for all intents and purposes of law as a patrimony separate from the assets and liabilities of each other Sub-Funds.

The liabilities incurred in respect of each Sub-Fund shall be paid out of the assets forming part of the patrimony of such Sub-Fund. In the event that the liabilities of a particular Sub-Fund exceed its assets, then the proportion of liabilities in excess of the assets shall not be allocated to the other Sub-Funds and the creditors of that Sub-Fund whose liabilities exceed its assets shall have no claim or right of action against the assets of the other Sub-Funds.

## 1.1. Investment Objectives and Policies of the Company

The Company aims to provide investors with access to a choice of Sub-Funds offering diverse investment objectives including, but not limited to capital growth and/or income by investing in transferable securities and other eligible assets. Unless otherwise provided for a Sub-Fund in [Section 3.2. “Sub-Fund Details”], all of the Company’s Sub-Funds may invest in ancillary liquid assets and from time to time in other permitted assets with a short remaining maturity, especially in times of rising interest rates.

Whilst using their best endeavours to attain the investment objectives, the Board of Directors cannot guarantee the extent to which these objectives will be achieved. The value of the Investor Shares and the income from them can fall as well as rise and investors may not realise the value of their initial investment. Changes in the rates of exchange between currencies may also cause the value of the Investor Shares to diminish or to increase.

On occasion, Sub-Funds may include capital provided by an entity of the HSBC Group as an initial investment, otherwise known as ‘seed capital’. This seed capital allows HSBC to support the operations of the Sub-Fund in its early existence prior to material external investment. As the size of the Sub-Fund increases, the relevant entity of the HSBC Group will have the right to withdraw all seed capital but will manage any withdrawal with the best interests of the remaining Unitholders in mind.

As at the date of this Prospectus, the Company has the following five Sub-Funds with Shares in issue:

- Malta Bond Fund;
- International Bond Fund;
- Equity Growth Fund;
- Malta Government Bond Fund;
- Maltese Assets Fund.

The Board of Directors may from time to time, by amendment of this Prospectus, establish further Sub-Funds which may have different investment objectives and policies to those detailed in [Section 3.2. “Sub-Fund Details”], subject however to these conforming to the UCITS status of the Company.

## 1.2. Profile of the Typical Investor Categories

To determine if specific Sub-Funds are suitable, it is recommended that investors consult their financial advisor or intermediary.

## 1.3. Description of Share Classes

Within each Sub-Fund, separate Classes of Investor Shares may be created, whose assets are commonly invested in an underlying portfolio of investments but where a specific fee structure, currency exposure, distribution policy or any other characteristic as determined by the Board of Directors may be applied.

Investor Shares in each Sub-Fund are ordinary shares, freely transferable, and unless otherwise stated enjoy equal rights participating equally in the profits of each Sub-Fund. The Company does not intend to distribute any dividends in respect of its Accumulator Shares, and any profits will accumulate within the relevant class of Accumulator Shares. The Company will however distribute dividends in respect of its Income Shares in such amounts as may be determined by the Directors in accordance with this Prospectus. Where the amount subscribed is not exactly equivalent to the value of an exact number of whole shares, fractional shares may be issued. Fractional shares will be issued to four decimal places.



Fractional shares will be consolidated into whole shares when a holder holds enough fractional shares to make up a whole share. Fractional shares carry no voting rights. Shares are issued in registered form and will be evidenced by entries on the Register of the Company. Certificates will not be issued for the Investor Shares and Investors shall not be entitled to demand the issue to them of a certificate representing the Investor Shares. The Investor Shares shall not have distinctive numbers and carry no preferential or pre-emptive rights and each whole Investor Share is entitled to one vote at all meetings of Unitholders.

### Share Class Characteristics

Each of the Share Classes may be made available as Accumulator Shares and/or as Income Shares, denominated in different Base Currencies as further described below.

### Accumulator Share Classes and Income Share Classes

Accumulator Shares normally do not pay any dividends. Income Shares may declare and pay out dividends at least annually. Each Sub-Fund may offer Income Shares which calculate dividend payments based upon various methodologies. Please refer to Section 2.10. "Dividends" for further information.

### 1.4. HBMT as Nominee and the Investment Account System

All the Investor Shares issued to Investors shall be registered, upon being issued, in the name of HSBC Bank Malta p.l.c. 'as nominee' (or in the name of its successor nominee) for the persons who apply to purchase Investor Shares in the Company.

This arrangement is an implementation of the Investment Account System.

The Investment Account System will be operated by HBMT. Each investor shall open an Investment Account with HBMT by completing the appropriate application form (which will also include the terms of appointment of HBMT 'as nominee' for the Investor). Through the Investment Account System, an Account Holder may purchase and sell units in the Company by means of written instructions to HBMT. All purchases and sales will be recorded and confirmed by the issue of statements. Furthermore, the Account Holder will periodically, at least annually, receive a valuation showing inter alia (a) the number of Investor Shares held by him, (b) the current market price of each Investor Share (the Net Asset Value), and (c) the total value of his holdings.

Through this system, HBMT will at all times have a record of the Investor Shares held by it on behalf of each Investor. The Investor remains the beneficial owner of the Investor Shares with all relative rights (other than having them registered directly in his name) and in practice the Investor will be able to exercise all the rights appertaining to the Investor Shares, through HBMT as nominee. The terms and conditions of nomineehip, under which HBMT holds the Investor Shares for Investors, are stated in the Investment Account Application Form to which the attention of the Investor is drawn.

The confirmation in writing by HBMT of a transaction involving the purchase of Investor Shares by an Investor or the repurchase of Investor Shares by the Company will be evidence of the acquisition or the transfer of title in the Investor Shares as the case may be. The beneficial ownership of any Investor's holding is acknowledged by the Company in the Memorandum and Articles of Association.

In view of the nomineehip by HBMT for the Investors, the name of the Investors will not appear in the Register and will be kept confidential subject to the provisions of the Professional Secrecy Act (Chapter 377, Laws of Malta). The fact that HBMT, as nominee, has no personal interests in the Investor Shares purchased and held by itself on behalf of Account Holders is being stated as a matter of record for all effects at law. Please also refer to section entitled "Anti-Money Laundering and Prevention of Terrorist Financing" of this Prospectus referring to the requirements in terms of the Companies Act (Register of Beneficial Owners) Regulations (S.L. 386.19, Laws of Malta) establishing a register of beneficial owners.

### 1.5. General Risk Considerations

**Investment in any Sub-Fund carries with it a degree of risk, including, but not limited to, those referred to below. Potential investors should review the Prospectus in its entirety and the relevant Key Investor Information Document and consult with their legal, tax and financial advisors prior to making a decision to invest.**

**There can be no assurance that the Sub-Funds of the Company will achieve their investment objectives and past performance should not be seen as a guide to future returns. An investment may also be affected by any changes in exchange control regulation, tax laws, withholding taxes and economic or monetary policies.**

#### Market Risk

There is no guarantee in respect of repayment of principal and the value of investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in the Company. In particular, the value of investments may be affected by uncertainties such as international, political, and economic developments or changes in government policies.

#### Investing in Smaller Markets

The limitations arising from the size and illiquidity of some of the markets in which the Sub-Funds may invest, including the Maltese capital market, may create potential risks for Investors in that a Sub-Fund may sometimes experience delays in liquidating assets in order to maintain the liquidity requirements of that Sub-Fund. Also, a delay may occur in receiving sales proceeds from the investments held by a Sub-Fund, and those proceeds may be less than recent valuations used to determine the Net Asset Value per Share. This risk is greater in exceptional market conditions or when large numbers of investors are trying to sell their investments at the same time. In such circumstances, the receipt of sale proceeds may be delayed and/or take place at lower prices. This may also impact the ability of the Sub-Funds to immediately meet the redemption requests received from the Unitholders.

The types of securities available on such markets may also be limited, often giving little choice in terms of yield, maturities, and names of issuers of securities. Furthermore, the presence of credit institutions on such markets may also be limited. This may lead to the exposure to a particular security, sector, issuer, obligor, or credit institution to be higher than would be the case in more diversified capital markets.

Investors should also note that investment in the securities of smaller companies tend to be less liquid than the market in larger capitalised stocks and can be more sensitive to economic and other factors. In particular, smaller companies often have limited product lines, markets or financial resources. In the event of a relatively high exposure by a Sub-Fund to one specific country or one specific economic sector, the Sub-Fund will in these circumstances face the risks normally associated with a lower diversification of assets as well as the risks, if any, which are particular to that country or economic sector in which the investment is made.

### Emerging Markets

Because of the special risks associated with investing in Emerging Markets, Sub-Funds which invest in such securities should be considered speculative. Investors in such Sub-Funds are advised to consider carefully the special risks of investing in Emerging Market securities. Economies in Emerging Markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries in which they trade.

Brokerage commissions, custodial services and other costs relating to investment in Emerging Markets generally are more expensive than those relating to investment in more developed markets. Lack of adequate custodial systems in some markets may prevent investment in a given country or may require a Sub-Fund to accept greater custodial risks in order to invest, although the Depository Bank will endeavour to minimise such risks through the appointment of correspondents that are international, reputable, and creditworthy financial institutions. In addition, such markets have different settlement and clearance procedures. In certain markets there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. The inability of a Sub-Fund to make intended securities purchases due to settlement problems could cause the Sub-Fund to miss attractive investment opportunities. Inability to dispose of a portfolio security caused by settlement problems could result either in losses to a Sub-Fund due to subsequent declines in value of the portfolio security or, if a Sub-Fund has entered into a contract to sell the security, could result in potential liability to the purchaser.

The risk also exists that an emergency situation may arise in one or more developing markets as a result of which trading of securities may cease or may be substantially curtailed and prices for a Sub-Fund's securities in such markets may not be readily available.

Investors should note that changes in the political climate in Emerging Markets may result in significant shifts in the attitude to the taxation of foreign investors. Such changes may result in changes to legislation, the interpretation of legislation, or the granting of foreign investors the benefit of tax exemptions or international tax treaties. The effect of such changes can be retrospective and can (if they occur) have an adverse impact on the investment return of Unitholders in any Sub-Fund so affected.

### Interest Rate Risk

A Sub-Fund that invests in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes.

### Credit Risk

A Sub-Fund, which invests in bonds and other fixed income securities, is subject to the risk that issuers may not make payments on such securities. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Sub-funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

### Foreign Exchange Risk

Because a Sub-Fund's assets and liabilities may be denominated in currencies different to the Base Currency, the Sub-Fund may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between the Base Currency and other currencies. Changes in currency exchange rates may influence the value of a Sub-Fund's Investor Shares, the dividends or interest earned, and the gains and losses realised. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation, and other economic and political conditions.

If the currency in which a security is denominated appreciates against the Base Currency, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

A Sub-Fund may engage in foreign currency transactions in order to hedge against currency exchange risk, however there is no guarantee that hedging, or protection will be achieved. This strategy may also limit the Sub-Fund from benefiting from the performance of a Sub-Fund's securities if the currency in which the securities held by the Sub-Fund are denominated rises against the Base Currency. In case of a hedged class, (denominated in a currency different from the Base Currency), this risk applies systematically.

### Counterparty Risk

The Company on behalf of a Sub-Fund may enter into transactions in over-the-counter markets, which will expose the Sub-Fund to the credit of its counterparties and their ability to satisfy the terms of such contracts.

For example, the Company on behalf of the Sub-Fund may enter into repurchase agreements, forward contracts, options and swap arrangements or other derivative techniques, each of which expose the Sub-Fund to the risk that the counterparty may default on its obligations to perform under the relevant contract. In addition, some fixed income structures such as asset backed securities can incorporate swap contracts that involve counterparty risk. In the event of a bankruptcy or insolvency of a counterparty, the Sub-Fund could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Company seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights.

There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. In such circumstances, investors may be unable to cover any losses incurred. Derivative contracts such as direct swap contracts or swap contracts embedded in other fixed income structures entered into by the Company on behalf of a Sub-Fund involve credit risk that could result in a loss of the Sub-Fund's entire investment as the Sub-Fund may be fully exposed to the credit worthiness of a single Approved Counterparty where such an exposure will be collateralised.

The Company employs a variety of mechanisms to manage and mitigate counterparty risk including but not limited to the following:

- counterparty approval using external credit ratings and/or a credit review consisting of three years' worth of audited financial accounts;
- counterparties are also reviewed at least annually to ensure that they remain appropriate for the requirements of the business. Counterparties are monitored on a continual basis and any adverse information concerning the credit worthiness of Approved Counterparties is considered as a matter of urgency;
- counterparty exposures are monitored on a daily basis by a function independent of the front office.

Exposures may also be managed through a collateral and margining arrangement supported by appropriate and legally enforceable trading agreements.

### Settlement Risk

Settlement risk occurs when a transaction is not completed as duly agreed between the parties. This may be due to an error or omission in the necessary settlement, clearing or registration processes or due to the lack of credit worthiness of one of the parties to the transaction. Nevertheless, risk relating to unsettled transactions is considered small due to the short settlement period involved.

### Sovereign Risk

Certain developing countries and certain developed countries are especially large debtors to commercial banks and foreign governments. Investment in debt obligations ("Sovereign Debt") issued or guaranteed by governments or their agencies ("governmental entities") of such countries involves a high degree of risk. In certain countries, governmental entities, for the purpose of risks related to Sovereign Debt may additionally include local, regional, provincial, state, or municipal governments and government entities that issue debt obligations.

The governmental entity that controls the repayment of Sovereign Debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A governmental entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity's policy towards the International Monetary Fund and the social and political constraints to which a governmental entity may be subject. A Sub-Fund may suffer significant losses when there is a default of Sovereign Debt issuers.

Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies, and others abroad to reduce principal and interest arrearage on their debt. The commitment on the part of these governments, agencies, and others to make such disbursements may be conditioned on a governmental entity's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the governmental entity, which may further impair such debtor's ability or willingness to service its debt on a timely basis. Consequently, governmental entities may default on their Sovereign Debt. Holders of Sovereign Debt, including a Sub-Fund, may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities. There is no bankruptcy proceeding by which Sovereign Debt on which a governmental entity has defaulted may be collected in whole or in part.

Where a Sub-Fund may have investment exposure to Europe in the context of its investment objective and strategy, in light of the fiscal conditions and concerns on Sovereign Debt of certain European countries as well as the potential exit of certain countries from the EU, such a Sub-Fund may be subject to a number of risks arising from a potential crisis in Europe. The risks are present both in respect of direct investment exposure (for example if the Sub-Fund holds a security issued by a sovereign issuer and that issuer suffers a downgrade or defaults) and indirect investment exposure, such as the Sub-Fund facing an increased amount of volatility, liquidity, price and currency risk associated with investments in Europe.

Should any country cease using the Euro as its local currency or should a collapse of the Eurozone monetary union occur, such countries may revert back to their former (or another) currency, which may lead to additional performance, legal and operational risks to the Sub-Fund and may ultimately negatively impact the value of the Sub-Fund. The performance and value of the Sub-Fund may potentially be adversely affected by any or all of the above factors, or there may be unintended consequences in addition to the above arising from the potential European crisis that adversely affect the performance and value of the Sub-Fund.

Any debt issued or guaranteed by local, regional, provincial, state, or municipal governments or governmental entities may not be guaranteed by, or otherwise linked to, the national or central government of the country in which it is located. Such debt, while linked to the overall Sovereign Risk of the country in which it has been issued, may be subject to its own unique and additional risks due to each issuer's local, regional, state, provincial, or municipal legal, political, business, or social structure and framework. In addition, international and local sources of financing, including assistance from the central or federal government, may be or become unavailable which may have an adverse effect on the ability of the relevant local or regional government or municipality to service its debt obligations.

There is no guarantee that an active trading market for local, regional, provincial, state, or municipal debt obligations will develop or is maintained, which could negatively affect the price of the debt obligation. A Sub-Fund may therefore be prevented from buying or selling the debt obligation at times when it might be in the interest of the Sub-Fund to do so. These cases may ultimately negatively impact the net asset value of the Sub-Fund.

#### **Withdrawal of the UK from the EU**

Following the UK Government's notification to the European Union (EU) of its intention to leave the Union (i.e. "Brexit"), on 23 January 2020, the UK Government enacted the European Union (Withdrawal Agreement) Act 2020 (WAA). The WAA implemented the withdrawal agreement into UK law. The EU also ratified the withdrawal agreement in accordance with its procedures, with the European Parliament consenting to the Withdrawal Agreement on 29 January 2020.

As part of the Withdrawal Agreement, the UK and the EU agreed a Transition Period (referred to in the UK as an 'Implementation Period') in order to provide continuity and certainty. During this time, the UK will generally continue to apply EU law as it does now. UK domiciled UCITS will continue to be referred to as UCITS and enjoy the rights conferred by the UCITS Directive during the Transition Period. EU UCITS will continue to use their cross-border passporting rights to passport into the UK.

Currently, the Transition Period will run from 12:00 midnight CET on 31 January 2020 until 12:00 midnight CET on 31 December 2020. Under the Withdrawal Agreement, before 1 July 2020, the UK Government and the EU are able to agree to extend the Transition Period for up to one or two years. However, the UK Government's stated policy is that it will not seek an extension and so it is highly likely that the Transition Period will end on 31 December 2020.

Investors should note that during the Transition Period references to the EU in this Prospectus shall be taken to include the UK.

The UK left the European Union at 12:00 midnight CET on 31 January 2020 and entered into a Transition Period during which the UK continued to apply EU law. The Transition Period ended at 12:00 midnight CET on 31 December 2020.

Now that the transition period has expired, all cross-border passporting rights to the UK for EU UCITS funds have ceased; however, the UK's introduction of a Temporary Permission Regime enables all funds that have registered into the regime to continue to be distributed in the UK and purchased by UK domiciled investors. The UK Government has also committed to bringing forward domestic legislation to streamline the process to allow overseas (including EU) investment funds to be sold in the UK post-Brexit.

Notwithstanding the above, the UK's future economic and political relationship with the EU (and with other non-EU countries by agreement) continues to remain uncertain. This uncertainty is likely to generate further global currency and asset price volatility. This may negatively impact the returns of a Sub-Fund and its investments resulting in greater costs if a Sub-Fund decides to employ currency hedging policies. Ongoing uncertainty could adversely impact the general economic outlook and as such, this may impact negatively on the ability of a Sub-Fund and its investments to execute their strategies effectively and may also result in increased costs to the Company.

It is possible that there will be more divergence between UK and EU regulations post-Brexit, limiting what cross-border activities can take place. However, it is unlikely to affect a Sub-Fund's ability to receive portfolio management services. At the date of this Prospectus, the Sub-Funds continue to be recognised by the FCA and can be marketed to UK investors. The nature and extent of the impact of any Brexit related changes are uncertain but may be significant.

The information provided in this section is correct as at the date of this Prospectus.

### **Risks Associated with Government or Central Banks' Intervention**

Changes in regulation or government policy leading to intervention in the currency and interest rate markets (e.g. restrictions on capital movements or changes to the way in which a national currency is supported such as currency de-pegging) may adversely affect some financial instruments and the performance of the Sub-Funds of the Company.

### **Non-Investment Grade Debt/Unrated Debt**

A Sub-Fund which invests in Non-Investment Grade or unrated fixed-income securities carries higher credit risk (default risk and downgrade risk), liquidity risk and market risk than a Sub-Fund that invests in investments in Investment Grade fixed-income securities.

Credit risk is greater for investments in fixed-income securities that are rated below Investment Grade or unrated fixed-income securities which are not of comparable quality with Investment Grade securities. It is more likely that income or capital payments may not be made when due. Thus, the risk of default is greater. The amounts that may be recovered after any default may be smaller or zero and the Sub-Fund may incur additional expenses if it tries to recover its losses through bankruptcy or other similar proceedings.

Adverse economic events may have a greater impact on the prices of Non-Investment Grade and unrated fixed-income securities. Investors should therefore be prepared for greater volatility than for Investment Grade fixed-income securities, with an increased risk of capital loss, but with the potential of higher returns.

The market liquidity for Non-Investment Grade and unrated fixed-income securities can be low and there may be circumstances in which there is no liquidity for these securities, making it more difficult to value and/or sell these securities. As a result of significant redemption applications received over a limited period in a Sub-Fund invested in Non-Investment Grade or unrated fixed-income securities, the Board of Directors may invoke the procedure permitting the deferral of shareholder redemptions (See Section "Deferral of Redemption" in Section 2.4. "How to Sell Investor Shares" for further information).

### **High Yield Debt**

A Sub-Fund which invests in high yield fixed-income securities carries higher credit risk (default risk and downgrade risk), liquidity risk and market risk than a Sub-Fund that invests in Investment Grade fixed-income securities.

High yield fixed income securities include fixed income securities rated below Investment Grade (i.e. Non-Investment Grade) and higher yielding fixed income securities rated Investment Grade but of comparable credit quality to Non-Investment Grade rated securities.

Credit risk is greater for investments in high yield fixed-income securities than for Investment Grade securities. It is more likely that income or capital payments may not be made when due. Thus, the risk of default is greater. The amounts that may be recovered after any default may be smaller or zero and the Sub-Fund may incur additional expenses if it tries to recover its losses through bankruptcy or other similar proceedings.

Adverse economic events may have a greater impact on the prices of high yield fixed-income securities. Investors should therefore be prepared for greater volatility than for Investment Grade fixed-income securities, with an increased risk of capital loss, but with the potential of higher returns.

The market liquidity for high yield securities can be low and there may be circumstances in which there is no liquidity for these securities, making it more difficult to value and/ or sell these securities. As a result of significant redemption applications received over a limited period in a Sub-Fund invested in high yield fixed-income securities, the Board of Directors may invoke the procedure permitting the deferral of shareholder redemptions (See Section "Deferral of Redemption" in Section 2.4. "How to Sell Investor Shares").

### **Convertible Securities**

Convertible securities are fixed income securities, preferred stocks or other securities that may be converted or exchanged (by the holder or by the issuer) into Investor Shares of the underlying common stock (or cash or securities of equivalent value) at a stated price or rate. They will at least have similar interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight debt investments. The convertible bond market value tends to reflect the market price of the common stock of the issuing company when that stock price approaches or is greater than the conversion price of the convertible security consequently convertible securities are exposed to greater volatility than a straight bond investment. Convertible securities tend to be subordinated to other debt securities issued by the same issuer. The difference between the conversion value and the price of convertible securities will vary over time depending on changes in the value of the underlying common stocks and interest rates. Consequently, the issuer's convertible securities generally entail less risk than its common stock but more risk than its debt obligations.

### **Exchange Traded Funds and investments in other funds**

A Sub-Fund which invests in Exchange Traded Funds carries the risks associated with such Exchange Traded Fund, including but not limited to, credit risk (default risk and downgrade risk), liquidity risk and market risk, including the possible loss of principal. The value of the portfolio will fluctuate with the value of the underlying securities. Exchange Traded Funds trade like a stock, and there will be brokerage commissions associated with buying and selling exchange traded funds unless trading occurs in a fee-based account. ETFs may trade for less than their net asset value.

As the underlying holdings of an Exchange Traded Fund are openly traded securities, they will be vulnerable to market price fluctuations and the value of the investment may rise or fall in value and neither the capital nor any income generated is guaranteed. Although Exchange Traded Funds have a low tracking error and will generally closely track an index, during times of market volatility, the tracking error of an Exchange Traded Fund may increase, and it will not always be possible to precisely replicate the performance of an index.

When a Sub-fund invests in other collective investment schemes including Exchange Traded Funds, the Sub-Fund will also be subject to the risk factors applicable to the underlying fund and the assets in which it invests, some of which may be material.

### **Callable Bonds**

Callable Bonds entail a call risk resulting in the possibility that an issuer may exercise its right to redeem a fixed income security earlier than expected (at a date planned in the schedule of callable dates). The redemption of a callable bond having a higher-than-average yield may cause a decrease in the Sub-Fund's yield.

### **Volatility**

Volatility refers to the frequency and degree with which the price of a security fluctuates. All securities are subject to price fluctuations, either up or down. Such fluctuations may stem from the actions of the company issuing the security itself, such as the release of a poor earnings' results. Other times, they result from market or economic shifts, governmental decisions, or global events. Generally, an investor has no direct control over the shifts that cause volatility. The value of investments can go down as well as up due to equity market movements.

The price of a financial derivative instrument can also be very volatile. This is because a small movement in the price of the underlying security, index, interest rate or currency may result in a substantial movement in the price of the financial derivative instrument. Investment in financial derivative instruments may result in losses in excess of the amount invested.

### **Futures and Options**

Under certain conditions, the Company may use options and futures on securities, indices, and interest rates, as described in Section 3.2. "Sub-Fund Details" and Appendix 2. "Restrictions on the Use of Techniques and Instruments" for the purpose of hedging and efficient portfolio management. In addition, where appropriate, the Company may hedge market and currency risks using futures, options, or forward foreign exchange contracts.

Transactions in futures carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact which may work for or against the investor.

The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders.

Transactions in options also carry a high degree of risk. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

### **Credit Default Swaps**

Credit default swaps may trade differently from the funded securities of the reference entity. In adverse market conditions, the basis (difference between the spread on bonds and the spread on credit default swaps) can be significantly more volatile.

### **Total Return Swaps**

A Sub-Fund may utilise Total Return Swaps to, inter alia, replicate the exposure of an index or to swap the performance of one or more instruments into a stream of fixed or variable rate cash-flows. In such cases, the counterparty to the transaction will be an Approved Counterparty approved and monitored by the Management Company. At no time will an Approved Counterparty in a transaction have discretion over the composition or the management of the Sub-Fund's investment portfolio or over the underlying asset of the Total Return Swap.

### **OTC Financial Derivative Transactions**

In general, there is less governmental regulation and supervision of transactions in the OTC markets (in which currencies, forward, spot and option contracts, credit default swaps, Total Return Swaps and certain options on currencies are generally traded) than of transactions entered into on organized exchanges. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with OTC financial derivative transactions. Therefore, a Sub-Fund entering into OTC transactions will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that a Sub-Fund will sustain losses. The Company will only enter into transactions with counterparties which it believes to be creditworthy and may reduce the exposure incurred in connection with such transactions through the receipt of letters of credit or collateral from certain counterparties. Regardless of these measures, the Company may seek to implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that a Sub-Fund will not sustain losses as a result.

From time to time, the counterparties with which the Company effects transactions might cease making markets or quoting prices in certain of the instruments. In such instances, the Company might be unable to enter into a desired transaction in currencies, credit default swaps or Total Return Swaps or to enter into an offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange traded instruments, forward, spot and option contracts on currencies do not provide the Management Company with the possibility to offset the Company's obligations through an equal and opposite transaction. For this reason, in entering into forward, spot or options contracts, the Company may be required, and must be able, to perform its obligations under the contracts.

### **Securities Lending and Repurchase Transactions**

To the extent that the Company uses any of the techniques and instruments set out in Appendix 2. "Restrictions on the Use of Techniques and Instruments", their use may involve certain risks and there can be no assurance that the objective sought to be obtained from such use will be achieved.

In relation to reverse repurchase transactions, investors must notably be aware that (a) in the event of the failure of the counterparty with which cash of a Sub-Fund has been placed there is the risk that collateral received may yield less than the cash placed out, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (b) (i) locking cash in transactions of excessive size or duration, (ii) delays in recovering cash placed out, or (iii) difficulty in realising collateral may restrict the ability of the Sub-Fund to meet redemption requests, security purchases or, more generally, reinvestment; and that (c) reverse repurchase transactions will, as the case may be, further expose a Sub-Fund to risks similar to those associated with optional or forward derivative financial instruments, which risks are further described in other sections of this Prospectus.

In relation to repurchase transactions and securities lending transactions, investors must notably be aware that (a) if the borrower of securities lent by a Sub-Fund fail to return these there is a risk that the collateral received may realise less than the value of the securities lent out, whether due to inaccurate pricing, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (b) in case of reinvestment of cash collateral such reinvestment may yield a sum less than the amount of collateral to be returned; and that (c) delays in the return of securities on loans may restrict the ability of a Sub-Fund to meet delivery obligations under security sales or payment obligations arising from redemptions requests.

### **Liquidity risk**

Liquidity risk exists within most financial products including the investments held by the Sub-Funds. This means that a delay may occur in receiving sales proceeds from the investments held by a Sub-Fund, and those proceeds may be less than recent valuations used to determine the Net Asset Value per Share. This risk is greater in exceptional market conditions or when large numbers of investors are trying to sell their investments at the same time. In such circumstances, the receipt of sale proceeds may be delayed and/or take place at lower prices.

There may also be limitations arising from the size and illiquidity of some of the markets in which the Sub-Funds may invest, including the Maltese capital market, may create potential risks for Investors in that a Sub-Fund may sometimes experience delays in liquidating assets in order to maintain the liquidity requirements of that Sub-Fund. The types of securities available on such markets may be limited, often giving little choice in terms of yield, maturities, and names of issuers of securities. Furthermore, the presence of credit institutions on such markets may also be limited. This may lead to the exposure to a particular security, sector, issuer, obligor, or credit institution to be higher than would be the case in more diversified capital markets.

This may impact the ability of the Sub-Funds to immediately meet the redemption requests received from the Unitholders.

### **Prohibited Securities**

In accordance with the HSBC Global Asset Management policy, the Company will not invest in the securities of companies considered to be involved in the development, production, use, maintenance, offering for sale, distribution, import or export, storage or transportation of weapons banned by international convention. The HSBC Global Asset Management policy as amended from time to time is available at:

<https://www.assetmanagement.hsbc.com.mt/en/individual-investor/about-us/responsible-investing/policies>

This policy applies to direct investment in securities and the Management Company will, to the extent possible, seek to apply it on an indirect basis when investing in UCITS and/or other Eligible UCIs.

As this policy aims to prohibit investment in certain types of securities, investors should be aware that this reduces the investment universe and prevents the Sub-Funds from benefitting from any potential returns from these companies.

### Corporate Actions

Investors should note that as a result of corporate actions relating to a company in which a Sub-Fund is invested, a Sub-Fund may be required or have the option to accept cash, underlying or newly issued securities which may not be part of its core investment universe as described in its investment objective (such as, but not limited to, equities for a bond Sub-Fund). Those securities may have a value less than the original investment made by the Sub-Fund. Under such circumstances, the relevant security may not be expressly covered by the relevant Sub-Fund's investment policy and the returns generated from the investment may not adequately compensate the Sub-Fund for the risks assumed.

### Taxation

Investors should note in particular that (i) the proceeds from the sale of securities in some markets or the receipt of any dividends or other income may be or may become subject to tax, levies, duties or other fees or charges imposed by the authorities in that market including taxation levied by withholding at source and/or (ii) the Sub-Fund's investments may be subject to specific taxes or charges imposed by authorities in some markets. Tax law and practice in certain countries into which a Sub-Fund invests or may invest in the future is not clearly established. It is possible therefore that the current interpretation of the law or understanding of practice might change, or that the law might be changed with retrospective effect. It is therefore possible that the Sub-Fund could become subject to additional taxation in such countries that is not anticipated either at the date of this Prospectus or when investments are made, valued, or disposed of.

### Cyber Security Risk

Security breaches of computer systems used by the Company's service providers in respect of the Company's activities (such as the Management Company, HBMT, the Administrator, the Depositary Bank and sub-custodians) have the potential to cause financial losses and costs for the Company, for example by disrupting or preventing trading or interfering with the administrative systems used in relation to the Company. While the Company's service providers have established business continuity and disaster recovery plans and other systems and procedures organising technical security to minimise the impact of attempted security breaches, investors must be aware that the risk of losses to the Company and its Sub-Funds cannot be totally eliminated.

### Operational Risk

The Company's operations (including investment management) are carried out by the service providers mentioned in this Prospectus. In the event of a bankruptcy or insolvency of a service provider, investors could experience delays (for example, delays in the processing of subscriptions, conversions, and redemption of Investor Shares) or other disruptions.

### Legal Risk

There is a risk that it may not be possible to enforce agreements entered into by the Company due to bankruptcy or a dispute as to the interpretation of the agreement.

There is also a risk that derivative transactions entered into by the Company on behalf of a Sub-Fund may be terminated due, for instance, to bankruptcy of the counterparty or a change in tax law. The Sub-Fund may incur a loss as a result.

### Custody Risk

Assets of the Company are safe kept by the Depositary Bank and Unitholders are exposed to the risk of the Depositary Bank not being able to fully meet its obligation to return in a short time frame all of the assets of the Company in the case of bankruptcy of the Depositary Bank. The assets of the Company will be identified in the Depositary Bank's books as belonging to the Company. Securities held by the Depositary Bank will be segregated from other assets of the Depositary Bank which mitigates the risk of non-restitution in case of bankruptcy. However, no such segregation applies to cash held with the Depositary Bank (as banker) which increases the risk of non-restitution in case of bankruptcy.

Where assets are entrusted by the Depositary Bank to a sub-custodian there is a risk that the sub-custodian may not properly segregate the assets of the Sub-Funds or prove to be uncreditworthy or be responsible for errors or omissions which may result in considerable losses for a Sub-Fund. In certain circumstances a Sub-Fund may not be able to recover or may encounter delays in the recovery of some of its assets. Such circumstances may include uncertainty relating to, or the retroactive application of legislation, the imposition of exchange controls or improper registration of title. In addition, for any Sub-Fund which is a Fund of Funds the custody of the underlying funds may also be subject to the foregoing risks. See also Emerging Market risks discussed above for additional custody risks associated with Emerging Markets.

### Cross-Class Liability Risk

Multiple Share Classes may be issued in relation to a Sub-Fund, with particular assets and liabilities of a Sub-Fund attributable to particular Share Classes.

For instance, Sub-Funds offering currency hedged Share classes will have assets and liabilities related to the hedge which are attributable to the relevant Share Classes. Moreover, these assets and liabilities may be denominated in various currencies introducing currency risk.

Given that there is no legal segregation of liabilities between Share Classes, there may be a remote risk that, under certain circumstances, currency hedging transactions in relation to a currency hedged Share classes could result in liabilities which might affect the Net Asset Value of the other Share Classes of the same Sub-Fund.

Where the liabilities of a particular Class exceed the assets pertaining to that Class, creditors pertaining to one Share Class may have recourse to the assets attributable to other Share Classes. Although for the purposes of internal accounting, a separate account will be established for each Share Class, in the event of an insolvency or termination of a Sub-Fund (i.e., when the assets of a Sub-Fund are insufficient to meet its liabilities), all assets will be used to meet a Sub-Fund's



liabilities, not just the amount standing to the credit of any individual Share Class. However, the assets of a Sub-Fund may not be used to satisfy the liabilities of another Sub-Fund.

### 1.6. Risk Management Process

The Management Company, on behalf of the Company, will employ a risk-management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each Sub-Fund. The Management Company will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments.

#### Responsibility of the Risk Management Team

The Management Company is in charge of the implementation of risk control procedures for the Sub-Funds. This team will collaborate with the investment team of the Management Company to determine various control limits in order to match the risk profile and strategy of the Sub-Funds.

When the Management Company invests, on behalf of a Sub-Fund, in different types of assets pursuant to the investment objective, it will follow the risk management and control mechanism as described in its risk management procedure.

#### Commitment Approach and Value-at-Risk Approach

##### Commitment Approach

Certain Sub-Funds may have simple and/or limited positions in financial derivative instruments such as Sub-Funds which enter into financial derivative instruments transactions for hedging techniques or efficient portfolio management.

The Sub-Funds having simple and/or limited positions in financial derivative instruments will use the commitment approach to measure market risk.

The commitment approach is generally calculated by converting the derivative contract into the equivalent position in the underlying asset embedded in that derivative, based on the market value of the underlying. Purchased and sold financial derivative instruments may be netted in accordance with the MFSA Rules in order to reduce global exposure. Beyond these netting rules and after application of hedging rules a negative figure would mean the financial derivative instrument is over-hedging the portfolio hence its absolute value should be considered. Risk-exposure numbers will always be positive or zero.

The approach adopted by each Sub-Fund is described in Section 3.2 "Sub-Fund Details".

##### Value-at-Risk Approach

Other Sub-Funds may apply a Value-at-Risk (VaR) approach to measure market risk.

The global risk measure may be Relative VaR or Absolute VaR with respect of Sub-Fund investment strategies and benchmark adequacy.

- **Absolute VaR**

The absolute VaR is generally an appropriate approach in the absence of an identifiable reference portfolio or benchmark, for instance for absolute return Sub-Funds. The absolute VaR approach calculates a Sub-Fund's VaR as a percentage of the net asset value of the relevant Sub-Fund which must not exceed an absolute limit of 20%.

- **Relative VaR**

The relative VaR approach is used for Sub-Funds where a consistent reference portfolio or benchmark reflecting the investment strategy which the Sub-Fund is pursuing is defined. The relative VaR of a Sub-Fund is expressed as a multiple of the VaR of a benchmark or reference portfolio and is limited to no more than twice the VaR of the Sub-Fund's benchmark.

The risk management methodology for each Sub-Fund and, in case of use of the VaR, the expected level of leverage, the approach used (i.e. absolute VaR or relative VaR) and the reference performance benchmark used to express the relative VaR (if applicable) are specified in Section 3.2. "Sub-Fund Details".

The approach adopted by each Sub-Fund is described in Section 3.2 "Sub-Fund Details".

#### Liquidity Risk Management Policy

The Management Company has established a liquidity risk management policy which forms part of the Management Company's risk management policy with the aim to enable it to identify, monitor, manage and mitigate the liquidity risks of the Sub-Funds. Such policy, combined with the governance framework in place and the liquidity management tools of the Management Company, also seeks to achieve fair treatment of Unitholders and safeguard the interests of the remaining or existing Unitholders in case of sizeable redemptions or subscriptions.

The Management Company's liquidity risk management policy takes into account the investment strategy, the dealing frequency, the underlying assets' liquidity (and whether they are priced at fair value) and the ability to defer redemptions in compliance with the Prospectus.

The liquidity risk management policy also involves monitoring the profile of investments held by the Sub-Funds on an on-going basis with the aim to ensure that such investments are appropriate to the redemption policy as stated in Section 2.4. "How to sell Investor Shares" and Section 3.2. "Sub-Fund Details" as the case may be. Further, the liquidity risk management policy includes details on periodic stress testing carried out to manage the liquidity risk of the Sub-Funds in times of exceptional market conditions.

The Management Company's risk management function is independent from the investment portfolio management function and is responsible for performing monitoring of the Sub-Funds' liquidity risk in accordance with the Management Company's liquidity risk management policy.

The Management Company may employ one or more tools to manage liquidity risks including, but not limited to:

- limiting the number of Investor Shares redeemed for a Sub-Fund on any Dealing Day to 5% or more of the net asset value of any Sub-Fund (subject to the conditions under the heading entitled “Deferral of Redemption” in Section 2.4. “How to Sell Investor Shares”).
- declaring, with the prior approval of the Board of Directors, a suspension of the determination of the Net Asset Value per Share of a Sub-Fund as outlined in Section 2.7.” Suspension of the Calculation of the Net Asset Value and Issue, Allocation, Conversion, Redemption and Repurchase of Investor Shares”; or
- accepting settlement in kind.

#### **Risk Monitoring Systems**

Appropriate tools and systems are utilised to monitor different areas of risk, including counterparty risk, market risk, liquidity risk, and operational risks.

#### **Procedure for Counterparty Approval**

Systematic procedures are in place to select and approve counterparties, and to monitor the exposure to various counterparties. All counterparties approved for transacting in FDI must qualify as Approved Counterparties in accordance with the MFSA Rules.

#### **Investment Breach Reporting**

In case of any breach of the investment or any other limits applicable to each Sub-Fund, the Management Company’s “escalation process” will be triggered to inform relevant parties in order for necessary actions to be taken.

If the investment limits relating to a Sub-Fund are exceeded for reasons beyond the control of the Company or of the Management Company, or as a result of the exercise of subscription rights, the Company and the Management Company shall seek to remedy the situation in the shortest time possible, and in any event within the period of six months beginning on the date of discovery of the event when such restriction(s) were exceeded, taking due account of the interests of the Sub-Fund and of its investors.

#### **1.7. Integration of Sustainability Risks into Investment Decisions**

Pursuant to the EU Sustainable Finance Disclosure Regulation (2019/2088) on sustainability-related disclosures in the financial services sector (“**SFDR**”), the Management Company is required to disclose the manner in which sustainability risks are integrated into the investment process and the results of the assessment of the likely impacts of sustainability risks on the returns of the Sub Funds. A sustainability risk is defined in the SFDR as an environmental, social or governance (“**ESG**”) event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of an investment.

The Company has delegated the portfolio management of the Sub Funds to the Management Company which has adopted the HSBC Global Asset Management responsible investment policy (the “**Policy**”) in relation to the integration of sustainability risks into investment decisions for the Sub Funds.

The Policy outlines HSBC Global Asset Management’s approach to sustainable investing, focusing on the ten principles of the United Nations Global Compact (“**UNGC**”). The UNGC sets out key areas of financial and non-financial risk: human rights, labour, environment, and anti-corruption. The Management Company uses third party screening providers, where available, to identify companies with a poor track record in these areas of risk and, where potential sustainability risks are identified, the Management Company also carries out its own due diligence. Sustainability risks are monitored on an ongoing basis as part of the Management Company’s portfolio management strategy generally.

The Management Company has a duty to act in the best long term interests of Unitholders. The Management Company believes that sustainability risks can affect the performance of investment portfolios across companies, sectors, regions, and asset classes through time. While each Sub Fund has its own investment objective, the Management Company’s goal is to provide Unitholders with competitive risk-adjusted returns over the long term. To achieve this, the Management Company will conduct thorough financial analysis and comprehensive assessment of sustainability risks as part of a broader risk assessment for each Sub Fund, where relevant.

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities. For more information, please refer to the Policy which can be found on HSBC Global Asset Management’s website.

#### **Likely impact of sustainability risks on returns**

Companies that adequately manage sustainability risks should be better placed to anticipate future sustainability risks and opportunities. This makes them more strategically resilient and therefore able to anticipate, and adapt to, the risks and opportunities on the horizon. Likewise, if managed inadequately, sustainability risks can adversely impact the value of the underlying company or the competitiveness of the country issuing government bonds. Sustainability risks can materialise in various forms for the companies or government securities which the Sub Funds invest in, including (but not limited to) (i) reduced revenue due to shifts in customer preferences, negative impacts on the workforce, social unrest and decreased production capacity; (ii) increased operating/ capital costs; (iii) write-off and early retirement of existing assets; (iv) loss of reputation due to fines and judgements and loss of license to operate; (v) the risk score of (and market for) government bonds. All these risks can potentially impact the returns of the Sub Funds.

The likely impacts of sustainability risks on the returns of each Sub Fund will also depend on each Sub Fund's investments and the materiality of sustainability risks. The likelihood of sustainability risks arising in respect of a Sub Fund should be mitigated by the Management Company's approach to integrating sustainability risks in its investment decision-making process and the applicable Sub Fund's investment policy. However, there is no guarantee that these measures will completely mitigate or prevent sustainability risks materialising in respect of a sub-fund. The likely impact on the return of a sub-fund from an actual or potential material decline in the value of an investment due to a sustainability risk will therefore vary and depend on several factors, including, but not limited to the type, extent, complexity, duration of the event or condition, prevailing market conditions and the existence of any mitigating factors.

All actively managed Sub Funds integrate a consideration of sustainability risks in the investment decision-making process. The Management Company integrates sustainability risks by identifying ESG factors that could have a material financial impact on the performance of an investment. Exposure to sustainability risk does not necessarily mean that the Management Company will refrain from taking or maintaining a position in an investment. Rather, the Management Company will consider the assessments of sustainability risks together with other material factors in the context of the investee company or issuer and the investment objective and policy of the Sub Fund.

### **Consideration of Adverse Impacts**

The Sub Funds do not promote environmental or social characteristics and do not have sustainable investment as their objective and are thus classified as Article 6 Funds. The Sub Funds do not consider the principal adverse impacts (PAIs) of investment decisions on sustainability factors in the investment strategy as these Sub Funds do not have any explicit ESG strategy or objectives.

# Section 2 – Company Details

## 2.1. Summary of Principal Features

Legal Structure	Open-ended investment company with multiple Sub-Funds incorporated in Malta as a multi-fund investment company with variable share capital. Each Sub-Fund corresponds to a distinct patrimony of assets and liabilities and exists for an unlimited period of time. The Company and the Sub-Funds qualify as undertakings for collective investment in transferable securities in terms of the Investment Services Act (Marketing of UCITS) Regulations (S.L. 370.18, Laws of Malta).
Incorporation Date	18 October 1996.
Registered Number	SV2.
Memorandum and Articles of Association	Registered with the Malta Business Registry on the 18 October 1996. The latest amendment was registered with the Malta Business Registry on 23 November 2020.
Dividends	Dividends may be distributed in accordance with the distribution policy of the Share Class. Further details are provided in Section 2.10. "Dividends".
Taxation	<p>Collective investment schemes are classified, in terms of Maltese law, as either prescribed or non-prescribed funds. In general, a prescribed fund is defined as a fund resident in Malta, which has declared that the value of its assets situated in Malta amount to at least 85% of the value of the total assets of the fund. Other Maltese resident funds which do not have such an exposure to Maltese assets and all non-resident funds are treated as being non-prescribed.</p> <p><b>Prescribed Funds</b></p> <p>Prescribed funds are subject to a 15% final withholding tax on bank interest payable by banks licensed under the Banking Act, 1994 and a 10% final withholding tax on interest, discounts or premiums received from (a) the Government of Malta, (b) corporations or authorities established by law, (c) companies or other legal entities, whether resident in Malta or otherwise, in respect of public issues and (d) companies or other legal entities resident in Malta in respect of private issues.</p> <p>Prescribed funds are exempt from tax on any other income and capital gains. Capital gains, dividends, interest, and any other income from foreign securities held by a prescribed fund may be subject to tax imposed by the country of origin concerned and such taxes will not be recoverable by the prescribed fund or by Unitholders.</p>

	<p><b>Non-Prescribed Funds</b></p> <p>Non-prescribed funds are exempt from Maltese income tax on any income and capital gains. Capital gains, dividends, interest, and any other income from foreign securities held by these Funds may be subject to tax imposed by the country of origin concerned and such taxes will not be recoverable by such non-prescribed funds or by Unitholders.</p> <p>See Section 3.2. “Sub-Fund Details” for the tax treatment of a specific Sub-Fund.</p>
Investment Objectives	<p>The Company aims to provide investment in separate professionally managed pools of securities distinguished by different geographical areas and currencies, with the opportunity for the investor to spread investment risk as well as to choose to emphasise income, capital conservation and growth.</p> <p>See Section 3.2. “Sub-Fund Details” for details of a specific Sub-Fund’s investment objective and strategy.</p>
NAV Publication	<p>Details can be obtained from the Distributor or the registered office of the Company. Generally available in various publications (for details see Section 2.8. “Prices of Investor Shares and Publication of Prices and NAV”).</p>
Net Asset Value	<p>Calculation on each Dealing Day unless otherwise provided in Section 3.2. “Sub-Fund Details” in relation to a specific Sub-Fund.</p>
Base Currency of the Company	<p>EUR.</p>
Year End	<p>31 March.</p>

## 2.2. Shares

### Recording and issuance of Investors Shares by the Administrator/Registrar

In view of the Investment Account System adopted by the Company in terms of its Memorandum and Articles of Association, there will only be one registered shareholder in the records of the Company (i.e. 'HBMT as nominee'). The Administrator is therefore bound to recognise and issue shares only to 'HBMT as nominee' and not to any other party.

It will be the sole responsibility of HBMT to observe the dealing timeframes set out in the Prospectus and to forward applications for subscription, redemption, and conversion of Shares to the Administrator within the timeframes and in line with the procedures as agreed by HBMT and the Administrator.

### Share Confirmations

HBMT provides all registered Unitholders with a statement on a quarterly basis confirming the number and value of registered Investor Shares held by them in each Sub-Fund.

### Bearer Investor Shares

The Company does not issue bearer Investor Shares.

### General

The authorised share capital of the Company is 10,000,000,000 Shares which are not assigned any nominal value. The paid-up share capital of the Company shall at all times be equal to the Net Asset Value of the Company as determined in accordance with the Memorandum and Articles of Association.

The Board of Directors shall exercise all the powers of the Company to allot or issue Shares in the Company. The maximum number of Shares which may be allotted or issued by the Directors shall not exceed the amount of 10,000,000,000 Shares, provided, however, that any Shares which have been repurchased shall be deemed never to have been issued for the purpose of calculation of the maximum number of shares which may be issued.

In respect of the registered shareholder (i.e. 'HBMT as nominee') the Directors have delegated to the Administrator, the duties of accepting the subscription for, receiving payment for, and allotting or issuing new Investor Shares and attending to all requests for the repurchase of Investor Shares by the Company and the subsequent cancellation thereof.

In respect of all Investors using the Investment Account System the duties related to the allotment and issuance of new Investor Shares as well as attending to all request for the repurchase of Investor Shares in the Sub-Funds, are undertaken by HBMT.

Except as provided in the Memorandum and Articles of Association, no person shall be recognised by the Company as holding any Shares on trust and the Company shall not be bound by or recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any shares or (except only as otherwise provided herein or as by law may be required) any other right in respect of any Share, except an absolute right of title thereto in the registered holder. The beneficial ownership of Account Holders in Investor Shares held by HBMT is acknowledged by the Company.

The Company has issued the following classes of shares:

### Investor Shares

Investor Shares which constitute a Sub-Fund of the Company and which are available for subscription.

### Founder shares

The shares subscribed by the promoters of the Company at the time of establishment of the Company are, for administrative purposes, referred to as 'Founder Shares'. The Founder Shares constitute a separate class of Shares, but do not constitute a Sub-Fund in the Company. 501 Shares have been subscribed by the founder subscribers as follows: HSBC Global Asset Management (Malta) Limited has subscribed to 500 Shares on its own account and HSBC Life Assurance (Malta) Limited has subscribed to 1 Share on its own account.

### Institutional shares

The Company has issued another 5 shares with no nominal value, referred to as the 'Institutional Shares'. The Institutional Shares constitute a separate class of shares, but do not constitute a Sub-Fund in the Company. The Institutional Shares are fully paid up and subscribed by the Management Company. The holders of the Institutional Shares have the right to appoint one (1) Director of the Company by means of a written instrument. The holders of the Institutional Shares shall enjoy such right until such time as the Management Company holds Institutional Shares and continues to act as Management Company to any of the Sub-Funds of the Company. It also has the right to remove from office any Director appointed by it.

Subject to the requirements set out above and, in the Memorandum, and Articles of Association, at general meetings each shareholder has the right to one vote for each whole Share of which he is the holder.

The Company may register registered Investor Shares jointly in the names of not more than four holders should they so require. In such case the rights attaching to such a Share must be exercised by one person designated to do so. The Company may require that such single representative be appointed by all joint holders.

Investor Shares have no preferential or pre-emption rights and are freely transferable, save as referred to below.

The Board of Directors may impose restrictions on the ownership of any Investor Shares and if necessary require the transfer of Investor Shares, as it may think necessary, to ensure that Investor Shares are neither acquired nor held by or on behalf of (i) any person in breach of the law or requirements of any country or governmental or regulatory authority, or (ii) any person in circumstances which, in the opinion of the Board of Directors, might result in the Company incurring any liability to taxation or suffering any other pecuniary disadvantages which the Company might not otherwise have incurred or suffered, including a requirement to register under any securities or investment or similar laws or requirements of any country or authority. The Board of Directors may in this connection require a shareholder to provide such information as it may consider necessary to establish whether he/she/it is the beneficial owner of the Investor Shares which he/she/it holds.

The rights attaching to the Investor Shares relating to any Class (subject to the terms of issue) may only be varied by way of a resolution passed at a separate general meeting of Unitholders relating to that Class by a majority of three/ fourths of the votes cast. The provisions of the Memorandum and Articles of Association relating to general meetings shall mutatis mutandis apply to every separate general meeting of Unitholders of a Class or a Sub-Fund. Two or more Classes or Sub-Funds may be treated as a single Class or Sub-Fund if such Classes or Sub-Funds would be affected in the same way by the proposals requiring the approval of holders of Investor Shares relating to the separate Classes or Sub-Funds.

### 2.3. How to Buy Investor Shares

#### Procedures for Investors to acquire Investor Shares

Applications for Investor Shares must be made through HSBC Bank Malta p.l.c. The applicant must first open an Investment Account with HBMT by completing the Investment Account Application Form which is available from all branches of HBMT. The applicant shall comply with the Prevention of Money Laundering Act (Chapter 373, Laws of Malta) (the '**AML Act**') and the Prevention of Money Laundering and Funding of Terrorism Regulations (S.L. 373.01, Laws of Malta) (the '**AML Regulations**') and together with the AML Act, the '**AML Laws**') and the Relevant Requirements referred to below.

Furthermore, the applicant undertakes to provide HBMT with any information required by either HBMT or the Company (including the Management Company) to comply with such AML Regulations and the Relevant Requirements.

An application to acquire Investor Shares is made in writing using the Application Form.

HBMT will not process applications until it is satisfied with the information given in the Application Form and in compliance with the formalities required under the AML Laws. HBMT reserves the right to reject any application to open an Investment Account or to purchase Investor Shares in whole or in part. Any change to an Account Holder's personal details must be notified to HBMT immediately in writing.

Requests to buy Investor Shares which are received by HBMT on any Business Day up to the applicable Dealing cut-off time will, if accepted by HBMT, be submitted for dealing at the price calculated on the following Dealing Day. The NAV for each Dealing Day is calculated on the following Dealing Day. Requests received after the Dealing cut-off time will be carried forward to the subsequent Dealing Day.

In all cases, applications will only be accepted if accompanied by payment in cleared funds by the above-mentioned deadline into the designated account held by HBMT for this purpose. Such clients' monies are held in an account with HBMT as Banker. HBMT has acknowledged that in its capacity as banker it will not attempt to enforce or execute any charge, right of set-off or other claim against the clients' account or combine the clients' account with any other account. No interest is paid to Investors in respect of monies held in such clients' account and any interest accrued on such clients' monies will be retained by HBMT.

Other methods of payment and the conditions applicable to cases of acquisition of Investor Shares by the transfer of securities to a Sub-Fund are subject to the prior approval of the Management Company which shall be entitled to lay down such conditions as it deems appropriate from time to time and from case to case. In the event that a payment is received (cleared) after the Dealing cut-off time prior to a Dealing Day or an Application Form cannot be processed due to it being incomplete or incorrect, monies will be held for the Investor in HBMT's clients' account with HSBC Bank Malta p.l.c. as bankers. No interest will be paid thereon to investors and any interest accrued on such clients' monies will be retained by HBMT. HBMT may however on an exception basis and with the approval of the Management Company accept to process an application received by the designated deadline, but in respect of which cleared monies have not yet been received if this delay was due to error or circumstances beyond the control of the Investor or other justifiable reason acceptable to HBMT.

Purchase requests, if accepted, will be effected at the price per share calculated on the Dealing Day on which the transaction will be executed. Settlement details are set out in the Application Form. At the time the initial investment is made, an Investor must indicate to HBMT whether he wants his Investment Account and statements to refer to the Base Currency, and payment for the Investor Shares should then be made in the currency so identified by the Investor (the '**Payment Currency**').

When payment is effected by an Investor in any currency other than the relevant Payment Currency selected by him for his Investment Account, HBMT will as soon as practicable convert such payment into that Payment Currency at the current market rate of exchange with such conversion being entirely at the cost and risk of the Investor. The converted value, denominated in the Base Currency, will then be applied, net of the relevant Initial Fee, to acquire Investor Shares in the respective Sub-Fund. No purchases will be made until such time as a payment in a currency other than the relevant Payment Currency is so converted.

Each Investor must represent and warrant to HBMT that, among other things, he is able to buy Investor Shares without violating any applicable laws. Reference is made to the clauses of the Investment Account Application Form which are relevant in this regard.

Statements will be issued as soon as possible following the Dealing Day on which the order is processed and normally will be dispatched no later than the first Business Day following execution. Statements will contain full details of the transaction.

#### **Dealing Cut-Off Times at Place of Issue of Orders**

Unless otherwise provided in Section 3.2. "Sub-Fund Details" in relation to a specific Sub-Fund, the dealing cut-off times are as follows:

##### **Dealing cut-off time**

12.30pm on the Business Day prior to the relevant Dealing Day

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Applications received by HBMT after the above cut-off times will normally be dealt on the next following Dealing Day.

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Applications received by HBMT on a day which is not a Dealing Day will be dealt on the next following Dealing Day.

Applications for which documentation is missing will be dealt on receipt of the relevant documents, on the appropriate Dealing Day, after taking account of the Dealing cut-off times.

#### **Acceptance**

The Company or the Management Company reserves the right to reject any subscription application in whole or in part.

If an application is rejected, the application monies or balance thereof will be returned at the risk of the subscriber and without interest.

#### **Anti-Money Laundering and Prevention of Terrorist Financing**

Under the AML Laws, any other applicable laws and regulations and the relevant implementing procedures issued by the Financial Intelligence Analysis Unit, obligations have been imposed on professionals of the financial sector to prevent the use of collective investment schemes such as the Company for money laundering and terrorist financing purposes. As a result of such provisions a Maltese collective investment scheme is required to ascertain the identity of the subscriber as well as the source of wealth and source of funds of monies being invested in accordance with Maltese laws and regulations.

The Company, HBMT or the Administrator, as applicable, may require subscribers to provide any document they deem necessary to effect such identification, including but not limited to an original duly completed and signed Application Form.

In case of delay or failure by a subscriber to provide the documents required, the application for subscription (or, if applicable, for redemption) will not be accepted. Neither the Company, HBMT nor the Administrator have any liability for delays or failure to process deals as a result of the investor providing no documentation or only incomplete documentation.

Unitholders may be requested to provide additional or updated identification documents and any documents related to their source of wealth and source of funds from time to time pursuant to ongoing client due diligence requirements under relevant laws and regulations.

An Application Form will be completed by each new investor. The list of identification documents to be provided by each investor will be based on the Anti-Money Laundering ("AML") & Know Your Customers ("KYC") requirements as stipulated in the implementing procedures issued by the Financial Intelligence Analysis Unit as amended from time to time and based on the AML & KYC Guidelines agreed between the Management Company and/or the Company and HBMT, Administrator. These requirements may be amended, from time to time (for example, upon the introduction of new Maltese regulations and /or HSBC Group policies).

Investors may be asked to produce additional documents for verification of their identity and source of wealth and source of funds before acceptance of their applications. In case of refusal by the investor to provide the documents required, the application will not be accepted.

Before redemption proceeds are released, HBMT, and Administrator may require original documents or a certified true copy of original documents to comply with the Maltese regulations.

In accordance with the Companies Act (Register of Beneficial Owners) Regulations (S.L. 386.19, Laws of Malta) establishing a register of beneficial owners, Unitholders are informed that the Company may need to communicate certain information to the register of beneficial owners in Malta. The relevant authorities as well as the general public can access the register and the relevant information of the beneficial owners of the Company, including the name, the month and year of birth, the country of residence and nationality. This law defines beneficial owners as a reference to economic beneficiaries under the AML Laws as the Unitholders who own more than 25% of the Investor Shares of the Company or who otherwise control the Company.

#### **Compliance with International Sanctions**

The Company is required to comply with all applicable Sanctions Laws (as set out below). In order to ensure such compliance, it has adopted HSBC Group's Global Sanctions Policy.

HSBC's Global Sanctions Policy defines the minimum standards that all HSBC Group entities must comply with, including:



- Screening customers/clients and transactions globally against the sanctions lists issued by the United Nations, the European Union, the United Kingdom, the United States and Hong Kong.
- Screening locally against other sanctions lists that apply to HSBC's operations in a particular jurisdiction.
- Prohibiting business activity, including prohibitions on commencing or continuing customer relationships, or providing products or services or facilitating transactions that HSBC believes may violate applicable sanctions laws or HSBC's Global Sanctions Policy. This includes prohibitions on business activity with individuals or entities named on a sanctions list or activity, directly or indirectly, involving countries or territories subject to comprehensive sanctions. As of October 2019, these countries and territories include Cuba, Iran, North Korea, Syria, and the Crimea region.
- Restricting certain business activity involving, directly or indirectly, countries or persons subject to more selective or targeted sanctions programmes. These sanctions apply restrictions on some types of products or services or target certain industry sectors or governments. As of October 2019, the selective country programmes include prohibitions on transactions and services relating to:
  - the provision of funding to the Government of Belarus or Government of Zimbabwe;
  - a donation from the Government of Sudan to a U.S. person;
  - certain activity involving the Government of Venezuela<sup>1</sup>;
  - certain debt or equity of, and certain other transactions and services involving, the Russian financial, energy and defence sectors; and
  - participating in the primary market for non-ruble bonds issued by, and lending non-ruble denominated funds to, the Russian Sovereign.<sup>2</sup>
- Investigating all customer/client alerts or transactions that are stopped in HSBC's screening systems. While HSBC seeks to investigate these alerts and transactions in a reasonable timeframe, compliance with applicable sanctions laws or HSBC's Global Sanctions Policy may result in delays to the processing of customer transactions while additional due diligence is conducted, and information obtained on the nature of the underlying transaction, or the parties involved.
- Blocking or rejecting transactions where HSBC is required to do so under applicable sanctions laws or regulations or HSBC's Global Sanctions Policy. Transactions may also be returned by HSBC where they fall outside of HSBC's risk appetite.
- Reporting breaches of sanctions laws to the relevant regulatory authority. This can include any attempt by a

customer to evade sanctions laws.

HSBC may agree to process certain transactions, in its sole discretion, such as those which relate to humanitarian aid or which are otherwise permitted by a licence from an appropriate authority. These transactions will be considered on a case-by-case basis and must be submitted in advance to HSBC for consideration and approval.

HSBC may, in its sole discretion, also decide not to process transactions, provide products or services or otherwise facilitate transactions even where permitted by applicable sanctions laws and regulations where these activities fall outside of HSBC's risk appetite.

The Registrar and Transfer Agent shall comply with HSBC's Global Sanctions Policy as updated from time to time and in accordance with that policy screen all subscribers of Investor Shares and all known beneficial owners of subscribed funds against the above referred sanctions lists.

In the event of a potential match, the Registrar and Transfer Agent may request an existing investor or new applicant to provide further information needed to assess whether that person is the person flagged in the screening. If they are, the Company may decide that the existing investor's investment shall be redeemed or if a new applicant, that their application will be refused. In the event of an unreasonable delay in providing or failure to provide such information, that existing investor's holding will be redeemed or refused.

To the extent that the Company's performance of any obligations set out in this Prospectus is or becomes prohibited by an applicable Sanctions Law, the Company shall not be obliged to perform the relevant obligation, including honouring redemption requests.

Neither the Company nor any other member of the HSBC Group shall be responsible to an Investor or any third party for any loss (whether direct, indirect, consequential, or otherwise) or damage incurred as a result of the Company or any other member of the HSBC Group taking the actions set out above.

Sanctions Laws include:

- any EU Regulation adopted under Article 215 of the Treaty on the Functioning of the European Union, and any legal act adopted by a Member State of the European Union to implement, establish penalties in relation to or otherwise give full effect to such a Regulation;
- any sanctions resolution passed pursuant to Chapter VII of the United Nations Charter by the United Nations Security Council, and any trade, financial or economic sanctions law or embargo giving legal effect to such a sanctions resolution; and

<sup>1</sup> The term "Government of Venezuela" means The state and Government of Venezuela, any political subdivision, agency, or instrumentality thereof, including the Central Bank of Venezuela and Petroleos de Venezuela, S.A. ("PdVSA"), any person owned or controlled, directly or indirectly, by the foregoing, and any person who has acted or purported to act directly or indirectly for or on behalf of, any of the foregoing, including as a member of the Maduro regime.

<sup>2</sup> The term "Russian sovereign" means any ministry, agency, or sovereign fund of the Russian Federation, including the Central Bank of Russia, the National Wealth Fund, and the Ministry of Finance of the Russian Federation.

- any other trade, financial or economic sanctions law or regulation made by a relevant authority of the United States of America, the United Kingdom, the European Union, the Hong Kong Monetary Authority, or other applicable government, including US secondary sanctions.

#### Settlement in Kind

The Board of Directors may, at its discretion, decide to accept securities as valid consideration for a subscription provided that these comply with the investment policy and restrictions of the relevant Sub-Funds. Such securities will be independently valued in accordance with Maltese laws and regulatory requirements including a special report from an appropriately qualified independent valuer in line with the MFSA Rules. Additional costs resulting from a subscription in kind will be borne exclusively by the investor concerned.

#### Share Allocation

Investor Shares are provisionally allotted but not allocated until cleared funds have been received by the Company or to its order.

Unless otherwise provided in Section 3.2. "Sub-Fund Details" in relation to a specific Sub-Fund\*, cleared monies must be received in the Settlement Currency by the Company or by a correspondent bank to its order, no later than the deadlines set forth below.

Sub-Fund	Due date for receipt of cleared monies
• Malta Bond Fund	12.30pm on the Business Day prior to the relevant Dealing Day
• International Bond Fund	As above
• Equity Growth Fund	As above
• Malta Government Bond Fund	As above
• Maltese Assets Fund	As above

If timely settlement is not made by the subscriber, the subscription may lapse and be cancelled at the cost of the subscriber or its financial intermediary.

If the subscriber does not settle the subscription price in a timely manner, no Investor Shares will be issued to the defaulting subscriber and the latter will therefore not be entitled to benefit from any rights relating to Investor Shares.

Failure to proceed to timely settlement by the settlement date may result in the Company/Management Company or HBMT bringing an action against the defaulting subscriber or its financial intermediary or deducting any costs or losses incurred by the Company/Management Company/HBMT against any existing holding of the subscriber. Money returnable to the subscriber from any other shareholding the subscriber may have in the Company may be netted taking into account any costs or losses incurred by the Company/Management Company/ HBMT due to non-settlement of subscription proceeds within the above timeline.

Subscribers are advised to refer to the terms and conditions applicable to subscriptions which are detailed in the Application Form.

#### 2.4. How to Sell Investor Shares

##### Procedure for Investors to request repurchase of shares by the Sub-Funds

Investors may at any time request in writing the repurchase by the Company of their Investor Shares. Repurchase requests, in a form acceptable to HBMT, may be made to HBMT in writing. Requests to repurchase Investor Shares which are received by HBMT on any Business Day, up to the Dealing cut-off time will, if accepted by HBMT, be submitted for dealing at the price calculated on the following Dealing Day. The NAV for each Dealing Day is calculated on the following Dealing Day. Requests received after the Dealing cut-off time will be carried forward to the subsequent Dealing Day.

Repurchase requests, if accepted, will be effected at the price per share calculated on the Dealing Day on which the transaction is executed. Repurchase proceeds will not be remitted to the Investor until all documents requested have been received and found to be in order. Payment of the repurchase proceeds will be made by HBMT within 14 Business Days of the relevant Dealing Day. Such payments shall be made through the direct crediting of the Investors' bank account in Malta as indicated to HBMT. Payment of the repurchase proceeds may be delayed in the case of extraordinary circumstances, including without limitation the default or delay in payments due to HBMT as nominee from banks or other persons (including the Sub-Funds and any of its service providers).

In the case of joint holders, HBMT will act in accordance with the signing instructions indicated by the joint holders at the time of opening the Investment Account or in accordance with such other signing instructions as subsequently notified to HBMT in writing by the joint holders.

Company/ HBMT due to non-settlement of subscription proceeds within the above timeline.

Repurchase proceeds can only be remitted to a person who is a party to the Investment Account. Payments shall be made in the Base Currency provided that if an Investor requests payment of the repurchase proceeds to be effected in another currency then such conversion as effected by HBMT shall be entirely at the cost and risk of the Investor. Statements will be issued as soon as possible following the Dealing Day on which the order is effected and normally will be dispatched no later than the first Business day following execution. Statements will contain full details of the transaction.

Investors may not revoke or withdraw repurchase requests delivered to HBMT, even if the Directors elect to exercise their power of deferral.

In the case of partial repurchase requests HBMT shall comply with such requests only to the extent that the value of the remaining Investor Shares will not fall below the Minimum Holding. The Management Company may nevertheless, on a

case by case basis and at its sole discretion, authorise HBMT to accept partial requests, even if by so doing the value of the remaining shares falls below the Minimum Holding.

#### **Dealing Cut-Off Times at Place of Issue of Orders**

Unless otherwise provided in Section 3.2. "Sub-Fund Details" in relation to a specific Sub-Fund, the dealing cut-off times are as follows:

##### **Dealing cut-off time**

12.30pm on the Business Day prior to the relevant Dealing Day

Applications received by HBMT after the above cut-off times will normally be dealt on the next following Dealing Day.

Applications received by HBMT on a day which is not a Dealing Day will be dealt on the next following Dealing Day.

Applications for which documentation is missing will be dealt on receipt of the relevant documents, on the appropriate Dealing Day, after taking account of the dealing cut-off times.

#### **Settlement**

##### **In Cash**

Unless otherwise provided in Section 3.2. "Sub-Fund Details" in relation to a specific Sub-Fund, the redemption proceeds shall be paid in the Base Currency no later than the deadlines set forth below.

<b>Sub-Fund</b>	<b>Due date for receipt of cleared monies</b>
• Malta Bond Fund	Fourteen Business Days after application Dealing Day
• International Bond Fund	As above
• Equity Growth Fund	As above
• Malta Government Bond Fund	As above
• Maltese Assets Fund	As above

If payment is made by telegraphic transfer at the request of the shareholder, any costs so incurred will be the liability of the shareholder. The payment of the redemption proceeds is carried out at the risk of the shareholder.

##### **In Kind**

The Company may, when an Investor has made a repurchase request, with the approval of the Depositary and the Investor, satisfy any such repurchase instructions by the transfer to that Investor of assets of the Sub-Fund in specie. In these circumstances, the Company shall transfer to such investor that proportion of the assets of the Company which is then equivalent in value to the shares of the Investor requesting the repurchase of shares, but adjusted as the Company may determine to reflect the liabilities of the Company.

The nature of the assets and the type of the assets to be transferred to an Investor in the aforementioned circumstances shall be determined by the Company on such basis as the Company, with the consent of the Depositary, shall deem to be fair and not prejudicial to the interests of the remaining Investors. For the foregoing purpose, the value of assets shall be determined on the same basis as used in calculating the Net Asset Value.

#### **Settlement Currencies**

Payments for redemptions will generally be made in the Base Currency of the Share Class.

Payments made in a currency other than the Base Currency of the Share Class will require a foreign exchange transaction between this currency and the Base Currency of the Sub-Fund. This operation will be arranged by HBMT or the Administrator at the shareholder's expense on the basis of the exchange rate applicable as at the Dealing Day.

All these currencies in which payments for redemptions shall be made are subsequently referred to as "Settlement Currency".

In exceptional circumstances, such as during an event of very significant currency markets disruption, should it not be possible for the Company to make payments for redemptions in the Base Currency of a Share Class the Company reserves the right to make such payment in another currency.

#### **Contract Note**

Contract notes are sent to Unitholders by post, e-mail or via the online banking system of HBMT, as applicable, as soon as practicable after the transaction has been effected.

#### **Compulsory Redemption**

If as a result of redemptions and/or conversions, the value of a shareholder's residual holding in a Share Class falls below the Minimum Holding requirement, the Management Company may decide to compulsorily redeem the shareholder's entire holding in that Share Class.

The Directors, and/or the Management Company and/or HBMT have the power to impose such restrictions as they think necessary for the purpose of ensuring that no Investor Shares in the Company are acquired or held by any person in breach of the law or requirements of any country or governmental authority. In this connection, the Company and/ or the Management Company and/or HBMT may (a) reject any application or (b) on notice in writing to an Investor, repurchase such shares. In such event, the proceeds shall be held by the HBMT in its clients' account for the beneficiary and, in so far as it is permitted to do so, shall pay the same to the beneficiary in accordance with its instructions. No interest shall be payable by HBMT on such funds.

### Total Redemption

If at any time the aggregate Net Asset Value of all the Investor Shares constituting a Sub-Fund, calculated in accordance with the Prospectus, is less than ten million Euro (EUR 10,000,000) (or its currency equivalent), the Company may in accordance with the Articles repurchase all the Investor Shares of the Sub-Fund not previously repurchased. The same power shall apply in relation to a class of Investor Shares in a Sub-Fund of the Company in the event that the aggregate Net Asset Value of all the Investor Shares constituting that class of shares is less than ten million Euro (EUR 10,000,000) or its currency equivalent.

### Deferral of Redemption

The Articles contain special provisions which allow the Directors to limit the total number of shares which may be repurchased on any Dealing Day to 5% of the outstanding shares in any Sub-Fund. In such an event the Directors will reduce all valid repurchase requests pro rata to the said 5% of the shares and shall repurchase the excess of the shares on the next Dealing Day, subject to the Directors' same power of deferral until the original repurchase requests have been fully satisfied.

### Cancellation Right

Requests for redemption once made may only be cancelled in full by the applicant in the event of a suspension of the issue of Investor Shares provided for in Section 2.7. "Suspension of the Calculation of the Net Asset Value and Issue, Allocation, Conversion, Redemption and Repurchase of Investor Shares" or in the event of a deferral of the right to redeem Investor Shares of the relevant Sub-Fund as described above.

### Prevention of Market Timing and Other Shareholder Protection Mechanisms

The Company does not knowingly allow investments which are associated with market timing practices as such practices may adversely affect the interests of all Unitholders.

In general, market timing refers to the investment behaviour of an individual or company or a group of individuals or companies buying, selling, or exchanging Investor Shares or other securities on the basis of predetermined market indicators by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the net asset value. Market timers may also include individuals or groups of individuals whose securities transactions seem to follow a timing pattern or are characterised by frequent or large exchanges.

Accordingly, the Management Company may, whenever it deems it appropriate and using its existing discretion take the following decisions or cause HBMT, to implement any or all, of the following measures:

- HBMT may combine Investor Shares which are under common ownership or control for the purposes of ascertaining whether an individual or a group of individuals can be deemed to be involved in market timing practices. Accordingly, the Management Company reserves the right to cause HBMT to reject any application for switching and/ or subscription of Investor Shares from investors whom the former considers market timers.
- If a Sub-Fund is primarily invested in markets which are closed for business at the time the Sub-Fund is valued, the Management Company may, during periods of market volatility, and in accordance with the provisions below cause the Administrator to adjust the Net Asset Value per Share to reflect more accurately the fair value of the Sub-Fund's investments or, in certain circumstances specified in Section 2.7. "Suspension of the Calculation of the Net Asset Value and Issue, Allocation, Conversion, Redemption and Repurchase of Investor Shares", to suspend the calculation of the Net Asset Value per Share and the issue, allocation, the redemption and the conversion of Investor Shares relating to that Sub-Fund.
- If a Sub-Fund is primarily invested in markets that are closed or operate with substantially restricted or suspended dealings, the Management Company may suspend the calculation of the Net Asset Value per Share and the issue allocation and the redemption and repurchase of Investor Shares relating to that Sub-Fund (see Section 2.7. "Suspension of the Calculation of the Net Asset Value and Issue, Allocation, Conversion, Redemption and Repurchase of Investor Shares").

### 2.5. How to Convert Between Sub-Funds/ Classes Request

Unless otherwise provided in Section 3.2. "Sub-Fund Details" in relation to a specific Sub-Fund, Investors may exchange all or part of any holding of Investor Shares in one sub-fund (the 'Original Investor Shares') into Investor Shares in another Sub-Fund or in a different class of Investor Shares in the same Sub-Fund (the 'New Investor Shares').

An irrevocable request to exchange Investor Shares made by an Investor shall be construed (including for tax purposes) as being a request for the repurchase of the stated number of Original Investor Shares (save that the repurchase monies shall not be released to the Investor) and a simultaneous request for the proceeds from such repurchase to be applied in the purchase of New Investor Shares indicated by the Investor.

The provisions on the repurchase and acquisition of Investor Shares contained in this Prospectus and the terms and conditions of the Investment Account System shall apply to such exchange of Investor Shares.

The exchange of Investor Shares shall take place on the same Dealing Day at the relevant Net Asset Value(s) per Share. If for any reason whatsoever the repurchase of the Original Investor Shares and the purchase of the New Investor Shares cannot both be completed on the same Dealing Day, then the request to exchange shares shall be processed on the next Dealing Day when such repurchase, and purchase can both be completed.

The number of New Investor Shares to be issued on exchange shall be determined in accordance (or as nearly as may be in accordance) with the following formula:

$$\text{NS} = \frac{((A \times B) - C) \times D - E}{F}$$

where:

NS = the number of New Investor Shares which will be issued; and

A = the number of Original Investor Shares to be exchanged; and

B = the Net Asset Value(s) per Share of such Original Investor Shares on the relevant Dealing Day; and

C = any transaction costs and/or tax charges applicable (including any exchange charge payable, see below); and

D = if applicable, the rate of exchange determined by the Directors for converting the Base Currency of the Original Investor Shares into the Base Currency of the New Investor Shares; and

E = the initial charge payable in respect of the New Investor Shares, if applicable; and

F = the Net Asset Value(s) per Share of the New Investor Shares on the relevant Dealing Day (including any commissions payable but excluding any Initial Fees).

Subject to the rights of investors holding shares in the Malta Government Bond Fund and the Maltese Assets Fund on or prior to 3 November 1999 in the relevant Sub-Funds, any request for an exchange of shares shall also be subject to the Minimum Investment requirements if any, and HBMT shall not accept any request where such Minimum Investment requirements will not be met in respect of both the Original and the New Shares. The Management Company and/or the Company may nevertheless, on a case-by-case basis and at their sole discretion authorise HBMT to accept such requests, even if by so doing the value of the Original Shares falls below the Minimum Investment level. The Company reserves the right to reject any exchange/conversion of Shares application in whole or in part.

Applications received by HBMT before the dealing cut-off time will be dealt on the next Dealing Day. Applications received by HBMT after the dealing cut-off time will be dealt on the next following Dealing Day.

When a currency conversion is required because the Net Asset Values per Share of the converted Investor Shares are denominated in different currencies, the currency conversion rate of Dealing Day applies.

Fractions of registered Investor Shares are issued on conversion to four decimal points.

### Exchange of Shares Charge

The Company presently charges a fee for the exchange of Shares of EUR 11.65 (or GBP 9 for those investors who had opted for a Sterling Currency of Expression per Investor) including on any exchange of Shares between an accumulating and income distributing class within the same Sub-Fund.

### Deferral of Conversion

If the Company or the Management Company determines that it would be detrimental to the existing Unitholders of a Sub-Fund to accept a conversion application for Investor Shares to exit the relevant Sub-Fund for another Sub-Fund, the Company or the Management Company may decide to defer that all or part of such applications for Investor Shares in accordance with the relevant deferral provisions described under the heading "Deferral of Redemption" in Section 2.4. "How to Sell Investor Shares".

### 2.6. How to Transfer Investor Shares

The transfer of Investor Shares shall be effected by completion of the relevant forms of HBMT as nominee. Upon receipt of the transfer request, and after reviewing the latter, HBMT may request signature(s) to be certified by an approved bank, stockbroker or public notary and effect AML compliance checks.

The right to transfer Investor Shares is subject to the Minimum Investment and Minimum Holding requirements.

Restrictions on subscriptions of Investor Shares also apply to the transfer of Investor Shares (please see the Section "Important Information").

Unitholders are advised to contact HBMT prior to requesting a transfer to ensure that they have the correct documentation for the transaction.

### 2.7. Suspension of the Calculation of the Net Asset Value, Issue, Allocation, Conversion, Redemption and Repurchase of Investor Shares

The Management Company, on behalf of/upon a resolution adopted by the Company, may suspend the calculation of the Net Asset Value per Share relating to any Class/Sub-Funds and the issue, allocation, redemption and repurchase of Investor Shares relating to any Sub-Fund as well as the right to convert Investor Shares relating to a Class of one Sub-Fund into Investor Shares of another Sub-Fund (or to a Class of that Sub-Fund) (as per Section 2.5. "How to convert between Sub-Funds /Classes"):

- during any period (other than holiday or customary weekend closings) when any market is closed which is the main market for a significant part of the Investments comprised in the Sub-Fund to which such class of shares relates, or in which trading thereon is restricted or suspended; or
- during any period when an emergency exists as a result of which disposal by the Company of investments which constitute a substantial portion of the assets of the Sub-Fund to which such class of shares relates is not practically feasible; or

- during any breakdown in the means of communication normally employed in determining the price of any of the relevant Sub-Fund's investments or the current prices on any market or stock exchange; or
- during any period when for any reason the market value of Investments of the Sub-Fund to which such class of shares relates cannot be reasonably, promptly, or accurately ascertained by the Company; or
- during any period when remittance of monies which will, or may, be involved in the realisation of, or in the repayment for, Investments comprised in the Sub-Fund to which such class of shares relates cannot be carried out at normal rates of exchange; or
- if the Company or any Sub-Fund is being or may be wound up on, or following the date on which notice is given of the general meeting of Unitholders at which a resolution to wind up the Company or the Sub-Fund is to be proposed; or
- during any period when in the opinion of the Directors the realisation of assets of the Sub-Fund to which such class of shares relates could, if realised at that particular moment in time, adversely affect and prejudice Unitholders' interest in the Company; or
- during any period when the proceeds of sale or repurchase of such Investor Shares in the Company cannot be transmitted to or from the Company's account.

The Company may cease the issue, allocation, conversion, redemption and repurchase of the Investor Shares forthwith upon the occurrence of an event causing it to enter into liquidation or upon the order of the MFSA.

Unitholders who have requested conversion, redemption or repurchase of their Investor Shares will be promptly notified in writing or through a Public Notice in the Press or a Notice on the Company website, of any such suspension and of the termination thereof. The Company may elect to treat the first Dealing Day on which the conditions giving rise to the suspension have ceased, as a substitute Dealing Day, in which case the Net Asset Value calculations and all sales and repurchases of Shares shall be effected on the substitute Dealing Day.

## **2.8. Prices of Investor Shares and Publication of Prices and NAV**

### **Valuations**

Unless otherwise provided in Section 3.2. "Sub-Fund Details" in relation to a specific Sub-Fund, the Net Asset Values per Share are calculated on each Dealing Day on the basis of the net asset value of the relevant Class of Investor Shares of the relevant Sub-Fund in their Base Currencies.

In certain circumstances set out in Section 2.7.

"Suspension of the Calculation of the Net Asset Value and Issue, Allocation, Conversion, Redemption and Repurchase of Investor Shares", the Net Asset Value per Share determinations may be suspended and during any such period of suspension, no Investor Shares relating to the Sub-Fund to which the suspension applies may be issued or allocated (other than those already allotted), converted, redeemed, or repurchased. Full details of the Net Asset Value per Share calculations are set out below.

### **Subscription Price**

The subscription price for Investor Shares of each Class is based on the Net Asset Value per Share of the relevant Class and, if applicable, may include an initial fee of up to 3.00% of the Net Asset Value per Share (the "Subscription Price"). Subscription Prices are quoted to two decimal places.

### **Redemption Price**

The redemption price of a Share Class is equal to the Net Asset Value per Share of the Class on which the application for redemption has been received by the Administrator or the Distributor (the "Redemption Price").

Redemption Prices are quoted to two decimal places.

### **Publication of prices**

The Subscription and Redemption Prices of all Sub-Funds for each Dealing Day or previous Dealing Day's Subscription and Redemption Price are available at the offices of the Company and from any branch of HBMT and on the HBMT website.

The Subscription and Redemption Price may also be published on each Dealing Day or on each day the Net Asset Value is calculated, in the relevant currencies in various international publications and on data providers' websites and platforms.

### **Determination of NAV and Valuation of Assets**

#### **Determination of Net Asset Value**

Under Article 11.0 of the Memorandum and Articles of Association, the Company on each Dealing Day shall determine the Net Asset Value of shares in the Company, which shall be the value of the assets less the liabilities attributable to each class of share divided by the number of shares in issue in such class.

The Net Asset Value shall be expressed in the Base Currency (or in such other currency as the Directors shall determine) as a per share figure for each share in issue (rounding down to the nearest second decimal figure of the relevant Base Currency) and shall be determined for each Dealing Day in accordance with Article 12 of the Memorandum and Articles of Association.

In certain circumstances set out in this Prospectus (see Section 2.7 “Suspension of the Calculation of the Net Asset Value and Issue, Allocation, Conversion, Redemption and Repurchase of Investor Shares”), the Net Asset Value per Share determinations may be suspended. The Board of Directors may also in certain circumstances invoke the procedure permitting the deferral of shareholder redemptions (See Section “Deferral of Redemption” in Section 2.4 “How to Sell Investor Shares” for further information).

### Valuation of Assets

The Company will determine the Net Asset Value for each Sub-Fund in accordance with Article 12 of the Memorandum and Articles of Association entitled “Valuation of Assets” as is reproduced in full below:

“12.0. The Net Asset Value of each class of shares in the

Company shall be the value of all the assets less all the liabilities of the Company attributable to such class of shares.

12.1. The value of the assets comprised in a Sub-Fund shall be ascertained on the following basis:

- a. the value of any Investment quoted, listed, or normally dealt in, on or under the rules of a Regulated Market shall be calculated in the following manner:
  - i. by reference to the price appearing to the Directors to be the last traded price or (if bid and offered quotations are made) the latest available middle quotation on such Regulated Market; and
  - ii. if an Investment is quoted, listed or normally dealt in, on or under the rules of more than one Regulated Market, the Directors may adopt the price or, as the case may be, the middle quotation on the Regulated Market which, in their opinion, provides the principal market for such Investment; and
  - iii. in the case of any Investment which is quoted, listed or normally dealt in, on or under the rules of a Regulated Market but in respect of which, for any reason:
    - a. prices on that Regulated Market may not be available at any relevant time; or
    - b. the value thereof based on the said prices or quotations as described in paragraphs i. and ii. above does not establish, in the opinion of the Directors, the fair value of any Investment, the value thereof shall be determined either (I) by such professional person as may be appointed by the Directors for such purpose or generally in relation to some or all the Investments of the Company and for such time as may be determined by the Directors or (II) in line with the valuation policy and principles adopted by the Manager or other delegate appointed under Article 12.3 (the “Valuation Policy”);

- iv. the Directors shall not be under any liability by reason of the fact that a value reasonably believed by them to be the latest available price, or as the case may be, middle quotation for the time being may be found not to be such;

- v. there shall be taken into account interest accrued on interest-bearing Investments up to the date at which the valuation is made unless such interest is included in the price or quotation referred to above;

- b. the value of any Investment which is not quoted, listed, or normally dealt in, on or under the rules of a Regulated Market shall be the initial value thereof ascertained as hereinafter provided or the value thereof as assessed on the latest valuation thereof made in accordance with the provisions hereinafter contained. For this purpose:

- i. the initial value of such an Investment shall be the amount expended by the Sub-Fund in the acquisition thereof (including in each case the amount of the stamp duties, commissions and other expenses incurred in the acquisition thereof and the vesting thereof in the Company); or

- ii. the Directors may at any time cause a valuation to be made of any such Investment at a fair market value, either (I) by such professional person as may be appointed for such purpose by the Directors or (II) at a fair market value as determined in line with the Valuation Policy.

In respect of financial derivative instruments which are not listed on any Regulated Market or traded on any other organised market, such financial derivative instruments shall be valued at the settlement price (if applicable) or otherwise in a reliable and verifiable manner in accordance with the Valuation Policy;

- c. the value of each unit or share in any collective investment scheme which provides for the units or shares therein to be realised at any time at net asset value shall be the last published net asset value per unit or share;

- d. cash, deposits and similar property shall be valued at their face value (together with accrued interest);

- e. property other than Investments shall be valued in such manner and at such time or times as the Directors shall from time to time determine;

- f. notwithstanding any of the foregoing sub-paragraphs, the Directors may, after consultation with the Depositary Bank, adjust the value of any Investment or other property or permit some other method of valuation to be used if they consider that in the circumstances (including without limitation a material volume of subscriptions or requests for repurchase of shares in the Company; or the marketability of the Investments or other property; or such other circumstances as the Directors deem appropriate)

- such adjustment or other method of valuation should be adopted to reflect more fairly the value of such Investment or other property;
- g. every share allotted by the Company shall be deemed to be in issue and the capital of the Company shall be deemed to include the net amount of any cash or other property to be received in respect of each such share;
  - h. where, in consequence of any notice or repurchase request duly given, a reduction of the capital of the Company by the cancellation of shares has been or is to be effected but payment in respect of such reduction has not been completed, the shares in question shall be deemed not to be in issue and any amount payable in cash or Investments out of the capital of the Company in pursuance of such reduction shall be deducted;
  - i. where any Investment or other property has been agreed to be acquired or realised but such acquisition or disposal has not been completed, such investment or other property shall be included or excluded, as the case may be, and the gross acquisition or net disposal consideration included or excluded as the Directors shall from time to time determine;
  - j. there shall be included in the assets an amount equal to all such costs, charges, fees and expenses as the Directors may have determined to amortise less the amount thereof which has previously been or is then to be written off;
  - k. where an amount in one currency is required to be converted into another currency, the Directors may effect such conversion using the latest available rates of exchange (whether official or otherwise) as the Directors shall determine at the relevant time except where otherwise specifically provided therein;
  - l. there shall be deducted from the assets such sum in respect of tax (if any) as in the estimate of the Directors will become payable in respect of the current accounting period;
  - m. where the current price of an Investment is quoted ex dividend or interest, there shall be added to the assets a sum representing the amount of such dividend or interest receivable by the Sub-Fund but not yet received;
  - n. there shall be added to the assets the amount (if any) available for allocation in respect of the last preceding accounting period but in respect of which no allocation has been made;
  - o. there shall be deducted from the assets the total amount (whether actual or estimated by the Directors) of any other liabilities properly payable including outstanding borrowings and accrued interest on borrowings (if any) but excluding liabilities taken into account in terms of sub-paragraph (l) above.
- 12.2. Notwithstanding the foregoing, when the above system of valuation would not reflect the current value of the assets accurately, the Directors shall be entitled after consultation with the Depositary Bank to either (i) value the shares using the amortised cost method of valuation, whereby the Investments of the Company are valued at their cost of acquisition, adjusted for amortisation of premium or accretion of discount on the Investments, rather than at the current market value of the Investments, or (ii) use some other method of valuation in line with the Valuation Policy.
- 12.3. Without prejudice to their general powers to delegate their functions herein contained, the Directors may delegate any of their functions in relation to the calculation of Net Asset Value to the Manager or the Depositary Bank, to a committee of the Directors or to any other duly authorised person. In the absence of willful misconduct or manifest error, every decision taken by the Directors or any committee of the Directors or by the Manager, Depositary Bank or any duly authorised person on behalf of the Company in calculating the Net Asset Value shall be final and binding on the Company and on present, past or future Members.
- 12.4. The Company, the Manager or the Depositary Bank shall not be responsible for any error in calculating the value of assets if the Company, the Manager or the Depositary Bank has acted in good faith when making such calculations, and no adjustments shall be made to the values of any assets unless the valuation error exceeds 0.5% (half a percentage point) of the Net Asset Value in which case it shall be adjusted. The MFSA shall be notified of such event together with information on such remedial action which the Company, the Manager and the Depositary Bank propose to take to ensure that such error does not occur again."

### 2.9. Anti-Dilution Mechanisms

Currently the Company does not adopt any anti-dilution mechanism in respect of any Sub-Fund.

Should the Directors, at any time, resolve to introduce an anti-dilution mechanism aimed to protect Unitholders in the Sub-Funds the Prospectus will be updated accordingly. Prior approval will be sought from relevant regulators (where required) and affected investors will receive at least one month's prior notification. Notification to Investors will be through a Public Notice in the Press or a Notice on the Company website.

### 2.10. Dividends

Each of the Share Classes may be made available as Accumulator and/or as Income Shares.

#### Accumulator Shares

Accumulator Shares normally do not pay any dividends.

#### Income Shares & Income Equalisation

The Company operates income equalisation arrangements for all Income Share Classes in accordance with the MFSA Rules.



Income Equalisation aims to mitigate the effects of subscriptions, redemptions, and conversions of a Share Class during the financial year on the level of accrued income. The effect being that, if an investor subscribes during the accounting period, the subsequent dividend will include a portion representing a return of capital on the original investment.

#### **Declaration, Announcement and Payment of Dividends**

Dividends may be declared in respect of each Income Share Class of each Sub-Fund by a meeting of Unitholders of the Company at the end of each financial year.

It is intended that most or all of the net income in respect of an Income distributing class of Investor Shares will normally be distributed as interim dividends. It is expected that interim dividends, if any, will be declared on a quarterly basis on the last Business Day of March, June, September, and December of each year. The declaration of any such dividends will be made within two weeks from the end of the relevant interim accounting period, and the dividends (if any) so declared will be paid by not later than two months from the end of the relevant interim accounting period.

Payment of a dividend will be made to the Investor or, in the case of joint holders to the joint holders unless HBMT is requested otherwise, in which case the holders shall bear the extra costs. Payments in the Base Currency of the respective class of Investor Shares of the relevant Sub-Fund will generally be made through the direct crediting of the Investor's bank account in Malta as indicated to HBMT.

If the direct credit is rejected for any reason outside the HBMT's control, HBMT shall (i) re-invest in the Investors' Investment Account the proceeds of the direct credit, less any bank charges if applicable, on the next Dealing Day but one following the date that notice of the rejection was received AND (ii) be deemed to have been given notice from the Investor that any future dividends will be automatically re-invested, and the resulting units added to the Investor's holding in accordance with the Prospectus and (iii) send a statement to the investor reflecting the reinvestment of the afore-said dividend proceeds.

The Company, the Management Company and HBMT shall not be responsible for any loss or delay in transmission. Where a payment of a dividend is exceptionally made by cheque (namely following any acceptance by HBMT at its entire discretion of a request by an Investor), a cheque which is duly endorsed shall be a good discharge to the Company, HBMT and/or the Management Company.

Only those Unitholders listed on the Register of Unitholders on the last business day of March, June, September, and December (ex-dividend dates) in each year shall be entitled to receive dividend payments.

The Ex-Dividend Date is the first date on which a security is traded without the right to receive its most recently declared dividend. To qualify for the upcoming dividend payment, an investor must purchase or hold the security before the ex-dividend date. Investors who acquire the security on or after the ex-dividend date will not receive the dividend; instead, it will be paid to the prior holder. The

ex-dividend date typically precedes the "record date," when the company determines eligible shareholders for the dividend payment, by one business day.

All payments are subject to any pledge of Investor Shares duly constituted and notified to the Company as well as to any applicable fiscal laws and regulations – your attention is drawn to the section headed 'Taxation' of this Prospectus.

#### **Reinvestment of Dividends**

Unitholders may, by written request to HBMT, elect to have dividends relating to any Income Share Class of any Sub-Fund paid out to them. Otherwise, dividends will be reinvested automatically in the acquisition of further Investor Shares relating to that Sub-Fund as follows:

- such Investor Shares will be purchased no later than on the next Dealing Day after the date of payment of the dividend;
- investor Shares allocated as a result of such reinvestment will not be subject to any initial fee;
- fractions of registered Investor Shares will be issued (as necessary) to four decimal points.

The directors reserve the right to stipulate a threshold below which dividend payments will be automatically re-invested.

#### **2.11. Charges and Expenses**

##### **Explanation of the Charging Structure**

Charges and expenses apply to Sub-Funds and Share Classes where appropriate, for their investment management, distribution and for the operating services required.

There are four types of charge:

1. Initial fee
2. Ongoing charges
3. Performance fees
4. Other charges.

##### **Initial fee**

An initial fee may be levied by the Distributor at the point of subscription in a Share Class. The Management Company reserves the right to waive the whole or part of the initial fee on any application to buy Investor Shares. The Management Company does not levy an initial fee.

An investor may, when requesting an exchange of Shares from one Sub-Fund to another or between classes, also incur an Exchange Charge – see Section 2.5. “How to Convert Between Sub-Funds/Classes” above.

### Ongoing Charges

Ongoing charges may be levied in respect of each Share Class.

In payment of these fees, the Company will use interest income in the first instance and other income in the second instance. If the charges exceed the interest income and other income of that Share Class, the excess will be taken from the capital of that Share Class.

The ongoing charges figure (“OCF”) is defined as a percentage of the average net asset value of a Share Class over a specified year. The OCF is disclosed for each Share Class in the Key Investor Information Document which is available at <https://www.assetmanagement.hsbc.com.mt/en/individual-investor/fund-centre>.

Ongoing charges consist of:

- A management fee.
- Operating, administrative and servicing expenses.
- Costs of investing in units in other UCITS and/or other Eligible UCIs.
- Costs of investing in other underlying instruments (Transaction Costs).

### Management Fee

The Management Company is entitled to receive an annual management fee from the Company calculated as a percentage of the net asset value of each Sub-Fund or Share Class (“Management Fee”), except as otherwise provided hereinafter.

The Management Fee covers investment management and distribution services provided in relation to the relevant Sub-Fund of the Company by the Management Company.

The Management Fee is accrued daily and payable monthly in arrears at the rates indicated in Section 3.2. “Sub-Fund Details”.

The Management Company is responsible for paying out of this fee and the fees of the Distributor and may pay part of such fee to recognised intermediaries or such other person as the Management Company may determine, at its discretion.

For all Sub-Funds, in certain circumstances, the Management Company may instruct the Company to pay a portion of the Management Fee directly out of the assets of the Company to any of such service providers or identified persons. In such case, the Management Fee payable to the Management Company is reduced accordingly.

### Remuneration of directors

The Directors of the Company shall receive such maximum annual aggregate emoluments as may be determined by the Company in the general meeting from time to time. It is anticipated that during the current accounting period of the Company the Chairman receives an honorarium of EUR 17,000 per annum. The other Directors are entitled to each receive a maximum honorarium of EUR 14,000 per annum. The maximum aggregate emoluments of the Directors shall not exceed EUR 34,000. Directors shall be entitled to reimbursement of expenses as stated in the Memorandum and Articles of Association.

### Operating, Administrative and Servicing Expenses

The following list is indicative but not exhaustive of the types of services that the operating, administrative and services expenses cover:

- Management Company expenses.
- Custody, depositary, and safekeeping charges.
- Transfer, registrar and payment agency fees<sup>1</sup>.
- Administration, domiciliary and fund accounting services.
- Legal expenses for advice on behalf of the Company.
- Transaction costs associated with buying and selling the underlying assets of the Company.
- Brokerage fees and commissions<sup>2</sup>.
- Audit fees.
- Registration fees.
- Listing fees (if applicable).
- Documentation costs – preparing, printing, translating, and distributing documents including, but not limited to, the Prospectus, Key Investor Information Documents, annual reports, semi-annual reports, and other offering documents necessary under local regulations made available directly or through intermediaries to its Unitholders in markets in which the Sub-Funds are registered for sale in compliance with local regulations.

<sup>1</sup> Transfer Agency fees presently include a fixed charge of EUR 1,200 per annum per share class of the Company, a fixed account opening charge of EUR 150 per new investor processed by the Registrar and Transfer Agent, a fixed account maintenance fee of EUR 100 per investor account per annum and investor transaction charges of between EUR 12 – EUR 20 depending on the type of transaction processed by the Registrar and Transfer Agent.

<sup>2</sup> All transactions are executed in compliance with applicable regulatory requirements and in accordance with the best execution policy of the Management Company. Transactions of the Company may be executed by the Management Company or its Connected Persons. The Management Company and its Connected Persons will not receive cash or other rebates from brokers or dealers but may enter into soft commission arrangements or commission sharing agreements for the provision of services which are of demonstrable benefit to the Company (e.g. research) as long as transactions generating such commission are made in good faith and in strict compliance with applicable laws and regulations.

- Formation expenses for current and new Sub-Funds including initial registration fees may be amortised over a period not exceeding 5 years from the formation date of the Sub-Fund.
- Costs associated with the collection, reporting and publication of data about the Company, its investments and Unitholders as required by laws and regulations from time to time.
- Fees charged by third party vendors for publishing fund performance data.
- Financial index licensing fees.
- Any fees charged for Sub-Fund expense data analysis if specifically requested by the Company to be obtained from an independent third party.
- Any industry association fees for the benefit of the Company.

The fee payable to the Depositary Bank, Paying Agent, Administrator are accrued daily and payable monthly in arrears at the rates indicated in Section 3.2. "Sub-Fund Details".

Any other Operating, Administrative and Servicing Expenses will be accrued daily and will be generally payable monthly in arrears. The accrual amount will be reviewed each quarter using the previous 12 months' expenses as an initial basis and amending when necessary.

The actual amount paid for operating, administrative and servicing expenses will be shown in the semi-annual and annual report of the Company.

#### **Costs of Investing in Units in Other UCITS and/or Other Eligible UCIs**

These are the costs associated with holding units or shares of other UCITS and/or other Eligible UCIs – including their ongoing charges and any one-off costs (e.g. subscription and/ or redemption fees). The payment of these will be taken in accordance with each specific UCITS and/or other Eligible UCI's payment schedule as articulated in their prospectus.

If the Company invests in units or shares of UCITS and/or other Eligible UCIs that are managed directly or indirectly by the Management Company itself or a company with which it is linked by way of common management or control or by way of a direct or indirect stake of more than 10% of the capital or votes, then there will be no duplication of management, initial or repurchase fees between the Company and the UCITS and/ or other Eligible UCIs into which the Company invests.

If any Sub-Fund's investments in UCITS and other Eligible UCIs constitute a substantial proportion of the Sub-Fund's assets, the total

management fee (excluding any performance fee, if any) charged both to such Sub-Fund itself and the other UCITS and/or other Eligible UCIs concerned shall not exceed 3.00% of the relevant assets. The Company will endeavour to reduce duplication of management charges by negotiating rebates, where applicable, in favour of the Company.

The Company will indicate in its annual report the total management fees charged both to the relevant Sub-Fund and to the UCITS and other Eligible UCIs in which such Sub-Fund has invested during the relevant period.

#### **Costs of investing in other underlying instruments (Transaction Costs).**

The following list is indicative but not exhaustive of the types of costs that Transaction expenses cover:

- Transaction costs associated with buying and selling the underlying assets of the Company.
- Brokerage fees and commissions<sup>3</sup>.

#### **Performance Fees**

The Management Company is not entitled to receive a Performance Fee in respect of the Sub-Funds.

#### **Other Charges**

Other charges are the remaining charges incurred by the Company or the relevant Share Class/Sub-Fund. They are paid by the Company depending on the services rendered to the Share Class. Other charges are not included in the OCF in the Key Investor Information Documents or in the Operating, Administrative and Servicing Expenses.

Other charges consist of, but are not limited to, the following:

- Duties, taxes and Interest on borrowing and bank charges incurred in negotiating borrowing.
- Litigation expenses.
- Any extraordinary expenses or other unforeseen charges.

#### **2.12. Management Company**

The Board of Directors is responsible for the overall investment policy, objectives and management of the Company and its Sub-Funds.

The Board of Directors has appointed HSBC Global Asset Management (Malta) Limited as management company to be responsible on a day-to-day basis under the supervision of the Board of Directors, for providing administration, marketing, investment management and advice services in respect of all Sub-Funds.

<sup>3</sup> All transactions are executed in compliance with applicable regulatory requirements and in accordance with the best execution policy of the Management Company. Transactions of the Company may be executed by the Management Company or its Connected Persons. The Management Company and its Connected Persons will not receive cash or other rebates from brokers or dealers but may enter into soft commission arrangements or commission sharing agreements for the provision of services which are of demonstrable benefit to the Company (e.g. research) as long as transactions generating such commission are made in good faith and in strict compliance with applicable laws and regulations.

The Management Company has delegated the administration functions to the Administrator as set out in the section headed 'Administrator' of this Prospectus.

The Management Company has delegated the marketing function to the HBMT, its sole Distributor.

The Management Company was incorporated on 18 October 1996 as a limited liability company under the laws of Malta and is a wholly owned subsidiary of HSBC Bank Malta p.l.c. The Management Company was duly licensed to provide investment services by the MFSA under the ISA on the 31 January 1997. The corporate objectives of the Management Company are the promotion, development, distribution, and management of collective investment schemes in and from Malta. On 4 January 2021, The Management Company revised its licence and was authorised as a management company in accordance with Directive 2009/65/EC, as amended and is authorised to provide investment management services to collective investment schemes qualifying as UCITS in terms of the ISA.

The issued share capital of The Management Company is EUR 4,658,746.80 and is fully paid-up. The Management Company is of the view that the issued share capital constitutes sufficient own funds to cover potential liability risk which could arise from the professional negligence of the Management Company.

The Management Company is a member of the HSBC Group, which serves customers worldwide in over 60 countries and territories in Asia, Europe, North and Latin America, and the Middle East and North Africa.

The Management Company shall ensure compliance of the Company with the investment instructions and oversee the implementation of the Company's strategies and investment policy. The Management Company shall send reports to the Board of Directors of the Company on a quarterly basis on any non-compliance of the Company with the investment restrictions.

### 2.13. Depositary Bank and Paying Agent

The Company has appointed Sparkasse Bank Malta public limited company as depositary and banker of the Company.

Sparkasse Bank Malta p.l.c. is a public limited company registered under the laws of Malta, with registration number C27152 and registered office at 101 Townsquare, Ix-Xatt Ta' Qui-Si-Sana, Sliema SLM 3112, Malta.

Sparkasse Bank Malta p.l.c. is fully owned by Anteilsverwaltungssparkasse Schwaz ("AVS"), a corporate entity established in Austria, governed by the Austrian Savings Bank Act, whose activities consist in holding and managing its assets, mainly its participation in: (i) Sparkasse Schwaz AG, a savings bank established in Austria which is a member of the Austrian savings banks forming part of the Erste Group, and (ii) Sparkasse Bank Malta p.l.c. through the financial holding company Sparkasse (Holdings) Malta Limited.

Sparkasse Bank Malta p.l.c. is licensed by the MFSA to carry out the business of banking as a credit institution in terms of the Banking Act (Chapter 371 of the Laws of Malta), and to provide investment services and act as custodian for collective investment schemes under the Investment Services Act (Chapter 370 of the Laws of Malta). The Depositary Bank provides safekeeping and related services to various other funds and entities in various jurisdictions and is actively involved in the provision of a comprehensive range of financial services in and from Malta.

The Depositary Bank has been appointed to act as depositary in respect of the Company pursuant to a depositary agreement between the Company, the Management Company, and the Depositary Bank (the "Depositary Agreement"). The Depositary Bank will perform its depositary functions in accordance with the Depositary Agreement, which includes provisions reflecting the relevant depositary requirements under the UCITS Directive, as transposed into Maltese law. The Depositary Bank's functions include the following:

- i. ensuring that the Sub-Funds' cash flows are properly monitored, and in particular that all payments made by or on behalf of investors upon the subscription of Investor Shares of the Sub-Funds have been received and that all the cash of the Sub-Funds has been booked in cash accounts opened in the name of the Company (for the Sub-Funds) or in the name of the Depositary Bank acting on behalf of the Company (for the Sub-Funds) with a credit institution or bank;
- ii. the safekeeping of the assets of the Sub-Funds, which means (a) for financial instruments that can be held in custody: holding in custody all financial instruments that can be registered in a financial instruments account opened in the Depositary Bank's books and all financial instruments that can be physically delivered to the Depositary Bank (if any), and (b) for other assets: verifying the ownership of the Company (for the Sub-Funds) and maintaining a record of such other assets;
- iii. the following oversight duties:
  - a. to ensure that the sale, issue, re-purchase, redemption and cancellation of Investor Shares is carried out in accordance with the requirements prescribed by the MFSA, if any, applicable to the Company, and the Memorandum and Articles of Association;
  - b. to ensure that the value of the Investor Shares is calculated in accordance with the provisions of the Memorandum and Articles of Association;
  - c. to carry out the instructions of the Management Company or the Company, unless they conflict with the requirements prescribed by the MFSA, if any, applicable to the Company, or the Memorandum and Articles of Association;
  - d. to ensure that in transactions involving the assets of a Sub-Fund any consideration is remitted to the Company within the usual time limits;

- e. to ensure that the income of a Sub-Fund is applied in accordance with the Memorandum and Articles of Association.

The Company and the Management Company are required to ensure that all assets of a Sub-Fund are entrusted to the Depositary Bank for safekeeping, and the Depositary Bank has accepted to perform the safekeeping function in respect of all the assets of a Sub-Fund, in accordance with the Depositary Agreement. The Company and the Management Company have agreed with the Depositary Bank not to invest in or hold any types of financial instruments and other assets that are not listed in the relevant Annexes to the Depositary Agreement.

Cash on deposit with the Depositary Bank will be held by the Depositary Bank as banker.

The Depositary Bank may perform banking and certain investment services (in particular, the execution and, or receipt and transmission of orders in relation to financial instruments) for a Sub-Fund.

The Depositary Bank is entitled to receive fees and reimbursement of expenses, out of the assets of a Sub-Fund, for the provision of its services.

The Depositary Bank is permitted to appoint sub-custodians and to entrust assets of a Sub-Fund for safekeeping with them, and generally, to delegate all or part of its services and functions (other than the cash flow monitoring function and oversight duties referred to in points (i) and (iii) above) to third parties, subject to the terms and conditions stipulated in the Depositary Agreement. At the request of the Company and the Management Company, the Depositary Bank has appointed HSBC France (registered number 775 670 284 RCS Paris) whose registered office is at 103 avenue des Champs-Élysées, Paris, 75008, France acting through its Dublin Branch at 1 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland ("HSBC") as sub-custodian, pursuant to a custody agreement between HSBC and the Depositary Bank.

The Depositary Bank is liable to the Company, in respect of a Sub-Fund, and to Unitholders of the Company, in respect of the same Sub-Fund, for the loss of financial instruments held in custody by the Depositary Bank or a third party to whom the custody of financial instruments held in custody has been delegated. In the case of such a loss of a financial instrument held in custody, the Depositary Bank is required to return a financial instrument of identical type or the corresponding amount to the Company, in respect of a Sub-Fund, without undue delay. The Depositary Bank will not be liable, however, if it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

Furthermore, the Depositary Bank is liable to the Company, in respect of a Sub-Fund, and to Unitholders of the Company, in respect of the same Sub-Fund, for other losses (i.e. other than the loss of financial instruments held in custody, as mentioned above), suffered by them as a result of the Depositary Bank's negligent or intentional failure to properly fulfil its obligations

pursuant to the relevant provisions of the Investment Services Act, the Investment Services Act (Custodians of Collective Investment Schemes) Regulations (S.L. 370.32) and Investment Services Rules for Investment Services Providers issued by the MFSA, as applicable to the Depositary Bank.

The Depositary Bank's liability is not affected by any delegation of its functions referred to above.

The Investment Services Act (Custodians of Collective Investment Schemes) Regulations provide that Unitholders may invoke the liability of the Depositary Bank directly or indirectly through the Company or the Management Company, provided that this does not lead to a duplication of redress or to unequal treatment of the Unitholders. If any shareholder of the Company intends to invoke the liability of the Depositary Bank, it must notify the Company and the Management Company of its intention to invoke the liability of the Depositary Bank, and the Company and the Management Company will be required to ensure that the exercise of any action or claim by one or more Unitholders does not lead to unequal treatment of the other Unitholders.

The Depositary Agreement contains provisions whereby the Company agrees to indemnify the Depositary Bank (out of the assets of a Sub-Fund) for actions, proceedings, claims, loss or damages, costs, demands and expenses (including legal and professional expenses) which may be brought against, suffered or incurred by the Depositary Bank in relation to the performance of the Depositary Bank's services, duties and functions, and the insolvency, acts or omissions of the Company, Management Company or any other service provider, delegate or third party, except where and to the extent that the Depositary Bank is liable for the same in terms of the Depositary Agreement.

The Depositary Agreement may be terminated by the Depositary Bank or by Company and the Management Company, by giving at least nine (9) months' notice, and on certain other grounds set out in the Depositary Agreement.

The Depositary Bank is not responsible for the valuation of the assets of a Sub-Fund, the calculation of the net asset value of a Sub-Fund or any of its Investor Shares, the calculation or verification of any fees or expenses payable to the Directors, the Management Company, the Administrator or any other service provider (except for the verification of the calculation of the performance fee (if any) in terms of the Investment Services Act (Performance Fees) Regulations (S.L. 370.12)), or the marketing or distribution of the Shares.

The Depositary Bank is not responsible for the contents of the Prospectus nor for the approval thereof.

The Depositary Bank's contact details are:

Sparkasse Bank Malta p.l.c., 101 Townsquare, Ix-Xatt Ta' Qui-Si-Sana, Sliema SLM 3112, Malta

Tel: +356 2133 5705

E-mail(s): [info@sparkasse-bank-malta.com](mailto:info@sparkasse-bank-malta.com)

Website: [www.sparkasse-bank-malta.com](http://www.sparkasse-bank-malta.com)

### Credit Facility from the Depositary Bank

The Company has access to a credit/overdraft facility (the "Facility"), established with the Depositary Bank, intended to provide for short-term/temporary financing for each Sub-Fund if necessary, subject to certain restrictions. Each Sub-Fund is limited to borrowing 10% of its respective net assets. Borrowings pursuant to the Facility are subject to interest at a mutually agreed upon rate and security (pledge or lien) by the underlying assets of each Sub-Fund which will remain safe kept by the Depositary Bank or its delegates. The Depositary Bank is entitled to retain for its own use and benefit all profits and advantages which may be derived from such Facility. The Depositary Bank has no right of re-use of assets of the Sub-Funds. The Facility is negotiated on an arm's length basis.

### 2.14. Administrator

Pursuant to an agreement (the "Administration Agreement") between the Management Company, the Company and the Administrator, the Management Company appointed HSBC Securities Services (Ireland) DAC as the administrator, registrar, and transfer agent of the Company under the Administration Agreement

The Administrator is responsible under the overall supervision of the Management Company for, inter alia, the general administration of the Company and the Sub-Funds, which includes keeping the register of Unitholders of the Company, applying the Company's anti-money laundering framework, the proper book-keeping of the Company, arranging for the issue and redemption of Investor Shares of the Company, and calculating net asset valuations of the Investor Shares of the Company.

The Administrator was incorporated as a private limited company incorporated under the laws of Ireland on 29 November 1991 and is engaged in the business of providing administration and accounting services to collective investment schemes. The Administrator is an indirect wholly owned subsidiary of HSBC Holdings plc, a public limited company incorporated in the UK.

The Administrator is entitled to be indemnified by the Company and the Management Company against all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (other than those resulting from the fraud, negligence or willful misconduct on the part of the Administrator) which may be imposed on, incurred by or asserted against the Administrator as a result of or in connection with performing its obligations or duties.

The Administrator shall be entitled, without verification, further enquiry or liability on the Administrator's part, to rely on pricing information in relation to specified investments held by the Company which is provided by price sources set out in the Company's pricing policy, services set out in the Administration Agreement, this Prospectus and/or the Memorandum and Articles of Association or, in the absence of any such price sources, any price sources on which the Administrator may

choose to rely (provided that, in such a case, the Administrator exercises reasonable care in its choice of sources upon which to rely). Without prejudice to the generality of the foregoing, the Administrator shall not be responsible or liable to any person for the valuation or pricing of any assets or liabilities of the Company (save as provided in the services set out in the Administration Agreement) or for any inaccuracy, error or delay in pricing or valuation information provided by pricing agents, pricing sources or pricing models provided by any person to the Administrator.

The Administrator will use reasonable endeavours to independently verify the price of any such assets or liabilities of the Company using its network of automated pricing services, brokers, market makers, intermediaries or using other pricing sources or pricing models provided by any person.

In the absence of readily available independent pricing sources, the Administrator may rely solely upon any valuation or pricing information (including, without limitation, fair value pricing information) about any such assets or liabilities of the Company (including, without limitation, private equity investments) which is processed by it or provided to it by: (i) the Company, the Management Company, Board of Directors, any external valuer appointed by the Management Company or the Company to value any of the Company's assets (the "External Valuer") (if applicable) or the Management Company; and/or (ii) third parties including, but not limited to, any valuer, third party valuation agent, intermediary or other third party, including but not limited to those appointed or authorised by the Company, the Board of Directors (or other governing body), the External Valuer (if applicable) or the Management Company to provide pricing or valuation information in respect of the Company's assets or liabilities to the Administrator.

The Administrator in no way acts as guarantor or offeror of the Investor Shares or any underlying investment. The Administrator is a service provider to the Company and has no responsibility or authority to make investment decisions, or render investment advice, with respect to the assets of the Company. The Administrator is not responsible for and accepts no responsibility or liability for any losses suffered by the Company or any investors in the Company as a result of any failure by the Company or the Management Company to adhere to the investment objective, policy, investment restrictions, borrowing restrictions or operating guidelines.

The Administrator shall not be liable or otherwise responsible for any loss suffered by any person by reason of: (i) any act or omission of any person prior to the commencement date of the Administration Agreement; (ii) any defect, error, inaccuracy, breakdown or delay in any product or service provided to the Administrator by any third party service provider; and (iii) any inaccuracy, error or delay in information provided to the Administrator by or on behalf of the Company or Management Company (including any broker, market maker or intermediary) or the External Valuer. The Administrator shall not otherwise be liable for any loss to the Company or any other person unless direct loss is sustained as a result of its fraud, negligence, or willful misconduct.

Under the terms of the Administration Agreement, the Administrator is able to delegate certain of its functions and duties to the Administrator's affiliates.

The appointment of the Administrator may be terminated without cause by not less than 90 days' notice in writing.

The Administrator is a service provider to the Company and is not responsible for the preparation of this document or for the activities of the Company and therefore accepts no responsibility for any information contained in this document.

### 2.15. Distribution of Investor Shares

As at the date of this Prospectus, the Management Company has appointed HSBC Bank Malta p.l.c., part of the HSBC Group, as the sole Distributor of Investor Shares in the Company. HSBC Bank Malta p.l.c.'s details are listed in Appendix 4. "Directory".

The Distributors is entitled to receive initial fees applied at their discretion and conversion charges on all Investor Shares they handle. The Distributor may reallocate such charges at their absolute discretion.

### 2.16. Meetings and Reports

The annual general meeting of Unitholders of the Company (the "Annual General Meeting") is held at the registered office of the Company (or such other place as may be specified in the notice of meeting) in Malta.

Other general meetings of Unitholders will be held at such time and place as are indicated in the notices of such meetings.

Notices of general meetings are given in accordance with Maltese law. Notices will specify the place and time of the meetings, the conditions of admission, the agenda, the quorum, and the voting requirements. The requirements as to attendance, quorum and majorities at all general meetings will be those laid down in the Memorandum and Articles of Association.

Copies of the audited financial statements of the Company, which will be prepared in the Base Currency and will be up to the 31 March in each year, will be sent by the Company to HBMT as the registered Member not less than 14 clear days before the date fixed for the general meeting of the Company at which they will be presented, and HBMT will forward such statements to any Investor who may request a copy. Copies of the unaudited interim financial statements shall also be sent to all Investors who request a copy thereof through HBMT. The Annual Report is published within 4 months after the end of the accounting period. The interim report is published within 2 months after the date on which it is to be prepared. Copies of any annual and interim reports issued by the Company will be available, free of charge, from all branches of HBMT and by logging on [www.hsbc.com.mt/1/2/mt/en/personal/investing-and-planning/investments/local-funds/funds-financial-reports](http://www.hsbc.com.mt/1/2/mt/en/personal/investing-and-planning/investments/local-funds/funds-financial-reports). Copies of the unaudited interim financial statements shall also be forwarded to all Investors who request a copy thereof through HBMT.

### 2.17. Availability of Documents

The following documents are available for inspection during usual business hours on any weekday (Saturdays and public holidays excepted) at the registered office of the Company:

- the Memorandum and Articles of Association;
- the material contracts;
- the most recent Prospectus;
- the most recent Key Investor Information Document;
- the latest financial reports.

Investors may obtain copies of the Memorandum and Articles of Association, the most recent Prospectus, the most recent Key Investor Information Document and the latest financial reports, free of charge upon request at the registered office of the Company.

In addition, the Key Investor Information Documents are available on <https://www.assetmanagement.hsbc.com.mt/en/> individual-investor/fund-centre. Investors may download the Key Investor Information Documents from the above website or obtain it in paper form or on any other durable medium agreed between the Management Company or the intermediary or the nominee and the investor.

Additional information is made available by the Management Company at its registered office, upon request, in accordance with the provisions of Maltese laws and regulations. This additional information includes the procedures relating to complaints handling, the strategy followed for the exercise of voting rights of the Company, the policy for placing orders to deal on behalf of the Company with other entities, the best execution policy as well as the arrangements relating to the fee, commission, or non-monetary benefit in relation with the investment management and administration of the Company.



## 2.18. Queries and Complaints

Any person who would like to receive further information regarding the Company should address the request to:

The CEO

HSBC Global Asset Management (Malta) Limited,  
80, Mill Street, Qormi QRM 3101, Malta  
Tel: +356 2380 2380

Any complaints should be addressed to:

The Complaints Officer

HSBC Global Asset Management (Malta) Limited,  
80, Mill Street, Qormi QRM 3101, Malta.  
Tel: +356 2380 2380

## 2.19. Conflicts of Interest

The Management Company, the Administrator, the Depositary Bank may from time-to-time act as management company, investment manager or adviser, sales agent, administrator, registrar and transfer agent or depositary bank in relation to, or be otherwise involved in, other funds or collective investment schemes which have similar investment objectives to those of the Company or any Sub-Fund. It is therefore possible that any of them may, in the due course of their business, have potential conflicts of interest with the Company or any Sub-Fund.

In such event, each will at all times have regard to their obligations under any agreements to which they are a party or by which they are bound in relation to the Company or any Sub-Fund. In particular, but without limitation to its obligations to act in the best interests of the Unitholders when undertaking any dealings or investments where conflicts of interest may arise, each will respectively endeavor to ensure that such conflicts are resolved fairly.

The Management Company may also from time to time take decisions to invest in, instruments issued by;

- a. collective investment schemes (including, for the avoidance of doubt, ETFs) managed by the Management Company;
- b. collective investment schemes (including, for the avoidance of doubt, ETFs) managed by a member of the HSBC Group;
- c. HSBC Holdings p.l.c. or its subsidiaries when these investments /instruments are listed and traded on the Malta Stock Exchange and other International Stock Exchanges.

In order to maximise the degree of protection of the Company's interests, the Management Company has undertaken that, in any other circumstance not mentioned in (a) to (c) above, no decision shall be taken in relation to such securities without the consent and approval of an independent person appointed by the Management Company for such purpose.

There is no prohibition on the Company entering into any transactions with the Management Company, the Administrator, the Depositary Bank or with any of their affiliates, or investing the assets of or reinvest the cash collateral received by any Sub-Fund in any investment products or funds managed, launched or offered by any of the above-mentioned entities, provided that such transactions are carried out as if effected on normal commercial terms negotiated at arm's length. The Investment Advisers or any affiliates acting in a fiduciary capacity with respect to client accounts may recommend to or direct clients to buy and sell Investor Shares of the Company. If a client defaults on its obligation to repay indebtedness to the HSBC Group that is secured by Investor Shares in the Company, and the HSBC Group forecloses on such interest, the HSBC Group would become a shareholder of the Company. As a consequence, the HSBC Group and its affiliates could hold a relatively large proportion of Investor Shares and voting rights in the Company.

Affiliates of the HSBC Group act as counterparties for certain forward foreign exchange and financial futures contracts.

## 2.20. Taxation

### General

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation applicable to the purchase, repurchase and disposal of Investor Shares in any of the Sub-Funds and to any distribution made by the Sub-Funds. The following is a summary of the anticipated tax treatment applicable to the Company and to its Unitholders in Malta. This information, which does not constitute legal or tax advice, refers only to Unitholders who do not deal in securities in the course of their normal trading activity.

The information below is based on tax law and practice applicable at the date of this Prospectus. Investors are reminded that tax law and practice and the levels of tax relating to each Sub-Fund and the investors may change from time to time.

### The Company

In terms of current legislation, collective investment schemes are classified as either prescribed or non-prescribed funds. In general, a prescribed fund is defined as a fund resident in Malta, which has declared that the value of its assets situated in Malta amount to at least 85% of the value of the total assets of the fund. Other Maltese resident funds which do not have such an exposure to Maltese assets and all non-resident funds are treated as being non-prescribed. On the basis of this definition, the following Sub-Funds of the Company are classified as follows for tax purposes:

- HSBC Malta Funds - Malta Bond Fund – Prescribed Fund.
- HSBC Malta Funds - International Bond Fund – Non-Prescribed Fund.
- HSBC Malta Funds - Equity Growth Fund – Non-Prescribed Fund.



- HSBC Malta Funds - Malta Government Bond Fund – Prescribed Fund.
- HSBC Malta Funds - Maltese Assets Fund – Prescribed Fund.

The Prescribed and non-Prescribed Funds will not derive any income or gains from immovable property situated in Malta.

### Prescribed Funds

Prescribed Funds are subject to a 15% final withholding tax on bank interest payable by banks licensed under the Banking Act, 1994 and a 10% final withholding tax on interest, discounts or premiums received from (a) the Government of Malta, (b) corporations or authorities established by law, (c) companies or other legal entities, whether resident in Malta or otherwise, in respect of public issues and (d) companies or other legal entities resident in Malta in respect of private issues.

Prescribed funds are exempt from tax on any other income and capital gains. Capital gains, dividends, interest, and any other income from foreign securities held a prescribed fund may be subject to tax imposed by the country of origin concerned and such taxes will not be recoverable by the sub-fund or by Unitholders.

### Non-Prescribed Funds

Non-prescribed funds are exempt from Maltese income tax on any income and capital gains. Capital gains, dividends, interest, and any other income from foreign securities held by non-prescribed funds may be subject to tax imposed by the country of origin concerned and such taxes will not be recoverable by non-prescribed funds or by Unitholders.

### Value Added Tax

Fees chargeable to the Company may be subject to VAT in accordance with applicable law. If any VAT is charged, this will not be recoverable by the Company.

### Taxation of Unitholders

Capital gains realised by investors who are non-residents of Malta are not subject to tax in Malta. Capital gains realised by resident Unitholders on a repurchase of shares by the Sub-Fund, the transfer of shares to third parties or an exchange of shares are treated as follows:

#### Prescribed Funds

Resident Unitholders are exempt from tax in Malta for as long as the shares are listed on the Malta Stock Exchange and the respective Sub-Fund remains classified as a prescribed fund on repurchases of any of their shares by the Company.

#### Non-Prescribed Funds

Resident Unitholders may opt to be subject to a 15% final withholding tax which shall be deducted at source by the respective Sub-Fund on any capital gains realised by Unitholders. Alternatively, Unitholders may opt to receive any capital gains without deduction of tax in which case such Unitholders would be bound to declare such capital gains in

their personal income tax return and would be subject to tax at the normal rates of tax which are applicable to them. In case of transfers to third parties, the transferor is obliged to declare any capital gains in the income tax return and pay tax at the normal rates. Any capital gains on an eventual redemption will be calculated without reference to any intermediate transfer. Capital gains arising from the exchange of Investor Shares in these Sub-Funds for Investor Shares in any other Sub-Fund of the Company are only taxable when the Investor Shares are eventually disposed of. Any gains or losses arising from the exchange of Investor Shares will be taken into account in the computation of any taxable capital gains.

The tax treatment of dividends distributed by the Sub-Funds, whether these are reinvested or otherwise, depends on the income tax status of the particular shareholder and on the Sub-Fund's income tax accounts out of which the dividends are distributed as set out hereunder:

- The distribution of profits derived by a prescribed fund from interest, discounts, or premiums, which were subject to 10% or 15% withholding tax, will not attract any further tax in the hands of Unitholders and where such Unitholders are individuals, they will not be required to declare such dividends in their income tax returns. However, such shareholder will be entitled, depending on their personal circumstances, to claim a credit of the 10% or 15% tax withheld at Sub-Fund level in their income tax return.
- The distribution of profits by a Sub-Fund from dividends received by that Sub-Fund out of the Maltese Taxed Account or the Foreign Income Account of other Maltese companies do not attract any further tax in the hands of Unitholders.
- The distribution of other profits (including foreign sourced profits) to Maltese resident Unitholders (other than companies), or to non-resident Unitholders (including non-resident companies) who are owned and controlled by, directly or indirectly, or who act on behalf of, persons who are ordinarily resident and domiciled in Malta, are subject to a 15% withholding tax. Unitholders are not required to declare such dividends in their income tax returns. However, they are entitled, depending on their personal circumstances, to declare such dividends in their income tax return and claim a credit of the 15% tax withheld. The distribution of profits to other persons not referred to in this paragraph (c) is not subject to withholding tax.

In case of transfers to third parties, the transferor is obliged to declare any capital gains in the income tax return and pay tax at the normal rates. Any capital gains on an eventual redemption will be calculated without reference to any intermediate transfer. Capital gains arising from the exchange of Investor Shares in a Sub-Fund for Investor Shares in any other Sub-Fund within the Company are only taxable when the Investor Shares are eventually disposed of. Any gains or losses arising from the exchange of Investor Shares will be taken into account in the computation of any taxable capital gains.

### OECD Common Reporting Standard

A number of OECD jurisdictions including Malta have entered into multilateral agreements to automatically exchange information for tax purposes using a commonly agreed reporting standard (based on the OECD Common Reporting Standard or “CRS”). The Company is expected to collect and report data about its investors under the CRS as from 1 January 2016. This means, for example, that data about investors in the Company who are resident (for tax purposes) in a country other than Malta will be automatically communicated to the Malta tax authorities who will exchange this data with tax authorities in the Unitholders’ country of residence. Investors should consult their professional advisors on the possible tax and other consequences with respect to the implementation of the CRS.

### Foreign Account Tax Compliance Act (FATCA)

Sections 1471 through 1474 of the U.S. Internal Revenue Code (“FATCA”) impose a 30% withholding tax on certain payments to a foreign financial institution (“FFI”) if that FFI is not compliant with FATCA. The Company is a FFI and thus, subject to FATCA.

This withholding tax applies to payments to the Company that constitute interest, dividends, and other types of income from US sources (such as dividends paid by a US corporation) and beginning on 1 January 2019, this withholding tax is extended to the proceeds received from the sale or disposition of assets that give rise to US source dividend or interest payments.

Malta has entered into an Intergovernmental Agreement (“IGA”) with the US to facilitate FATCA compliance and reporting. Under the terms of the IGA, the Company will be required to report to the Maltese tax authorities certain information about US investors (including indirect investments held through certain passive investment entities) as well as non-US financial institutions that do not comply with FATCA. Such information will be onward reported by the Maltese tax authorities to the US Internal Revenue Service.

The Company intends to comply with the terms of the IGA and the Maltese law implementing the IGA. Therefore, the Company expects to be treated as a compliant financial institution and does not expect any FATCA withholding to apply on payments made to it.

If a shareholder or an intermediary through which the shareholder holds its interest in the Company fails to provide the Company, its agents or authorised representatives with any correct, complete and accurate information that may be required for the Company to comply with FATCA, the shareholder may be subject to withholding on amounts otherwise distributable to them or they may be compelled to sell their Investor Shares or, in certain situations, the shareholder’s Investor Shares may be sold involuntarily (if legally permitted). The Company may at its discretion enter into any supplemental agreement without the consent of Unitholders to provide for any measures that the Company deems appropriate or necessary to comply with FATCA.

Unitholders in the Company should consult their own tax advisors regarding the FATCA requirements with respect to their own particular circumstances. In particular, Unitholders who hold their Investor Shares through intermediaries should check the intermediaries’ intention to comply with FATCA.

Although the Company will attempt to satisfy any obligations imposed on it to avoid the imposition of the FATCA withholding tax, no assurance can be given that the Company will be able to satisfy these obligations. If the Company becomes subject to a withholding tax as a result of the FATCA regime, the value of the Investor Shares held by Unitholders may suffer material losses.

### Genuine Diversity of Ownership

The intended category of investors in the Company is any investor that complies with the requirements set out in Section “Anti-Money Laundering and Prevention of Terrorist Financing” of Section 2.3. “How to Buy Investor Shares” located in the countries and territories where the Investor Shares of the Company are distributed.

The Investor Shares in the Company will be made widely available to investors of the intended category by the Distributor. The Distributor will promote investment in the Investor Shares of the Company to a wide variety of investors of the intended category and make the Prospectus available to them. In addition, the Prospectus, the Key Investor Information Document, and the Application Form can be obtained directly from the registered office of the Company, the Management Company, and the Distributor (details of which are provided in Appendix 4. “Directory”). Also, Section 2.3. “How to Buy Investor Shares” sets out how to buy Investor Shares in the Company. As a consequence, the Company considers it allows any investor, including but not limited to any investor/s of the intended category, the opportunity to obtain information about the Company and to subscribe for Investor Shares.

The Company intends to promote its Investor Shares and make these available through the Distributor in a manner designed to attract investors of the intended category.

### 2.21. Liquidation and Merger of the Company and of Sub Funds Liquidation of the Company

The Company has been incorporated for an indefinite period unless closed or liquidated as hereunder described.

Subject to all Sub-Funds in the Company being closed, the Company may be dissolved and wound up either voluntarily or under supervision or by a competent Court. The Company may be placed in voluntary liquidation at any time by a resolution adopted by the holders of Investor Shares holding voting rights in the same manner as that required for amending the Memorandum and Articles of Association. Any voluntary liquidation of the Company shall be carried out pursuant to applicable Maltese laws and the Memorandum and Articles of Association. Any proceedings in relation to the Company shall respect the legal status of each Sub-Fund as a patrimony

separate from the assets and liabilities of each other Sub-Fund and proceedings under the Companies Act shall apply to each Sub-Fund as though it were a distinct legal entity and with such modifications as are necessary to accommodate the fact that a Sub-Fund is not a company. Any proceedings in relation to any one Sub-Fund shall not have any effect on the assets of any other Sub-Fund or of the Company itself. The term 'proceedings' as used here refers to any proceedings including the proceedings in terms of Title II of Part V and of Part VI of the Companies Act.

### **Liquidation of Sub-Funds**

The Sub-Funds have been incorporated for an indefinite period unless closed or liquidated as hereunder described.

Apart from the rules applicable to the closure of a Sub-Fund which are outlined in the Memorandum and Articles of Association a Sub-Fund may be dissolved and wound up either voluntarily or under supervision or by the court.

Upon the winding up or dissolution (whether the liquidation is voluntary or by the Court) of any Sub-Fund, the assets of such Sub-Fund available for distribution (after satisfaction of creditors' claims) amongst the Unitholders of such Sub-Fund shall be distributed to the Unitholders of such Sub-Fund pro rata to their respective shareholding. Amounts which have not been claimed by Unitholders at the close of the liquidation of any Sub-Fund will be deposited in an account in the shareholder's name with a trustee selected by the liquidator. Any such amount not claimed within a period of seven (7) years will be donated to a Maltese enrolled voluntary organisation selected at the discretion of the trustee.

### **Merger of the Company or one or more of its Sub-Funds**

Under the Memorandum and Articles of Association, the Directors are empowered re-designate and merge any class of Investor Shares with any other class or classes of Investor Shares in the Company, whether such class or classes constitute a distinct Sub-Fund or not. Subject to the formalities set out in Investment Services Act (UCITS Mergers) Regulations (S.L. 370.19, laws of Malta) and the Memorandum and Articles of Association, affected Unitholders will be notified of the intention to merge two or more Sub-Funds and be given the opportunity to have their Investor Shares repurchased or redeemed before the merger becomes effective.

### **2.22. Remuneration Policy**

The Management Company has in place a remuneration policy for those categories of staff, including senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profiles of the Management Company or the Company.

The main features of the remuneration policy are as follows:

- It is compliant with and promotes a sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles of the Company or the Memorandum and Articles of Association and which does not interfere with the obligation of the Management Company to act in the best interests of the Company.
- It takes into account the business strategy, objectives, values and interests of the Management Company, the Company and its Unitholders, and includes measures to avoid conflicts of interest.
- It ensures that fixed and variable components of the total remuneration are appropriately balanced, and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.
- It provides for remuneration decisions to be based on a combination of business results and performance against objectives and is consistent with a medium to long-term strategy, Unitholders' interests, and adherence to HSBC values. A portion of the variable component of the total remuneration may be deferred for a period of time as disclosed in the remuneration policy.

The up-to-date remuneration policy of the Management Company, including, but not limited to, a description of how remuneration and benefits are determined, the governance arrangements for determining remuneration and benefits are available on the website <https://www.assetmanagement.hsbc.com/mt/en/individual-investor/remuneration>. A paper copy is available free of charge upon request at the Management Company's registered office.

# Section 3 – Sub-fund information

## 3.1. List of Sub-Funds Available

- Malta Bond Fund
- International Bond Fund
- Equity Growth Fund
- Malta Government Bond Fund
- Maltese Assets Fund

A Sub-Fund may, from time to time and without notice to Unitholders, be closed to new subscriptions or conversions in (but not to redemptions or conversions out) if the Management Company is of the opinion that the closure is necessary to protect the interests of the existing Unitholders. This may happen in circumstances such as where a Sub-Fund has reached a size above which the portfolio management can no longer be optimal as the capacity of the market has been reached. As a result, permitting additional inflows would be detrimental to the interests of the existing Unitholders. Once closed, a Sub-Fund will not be re-opened until, in the opinion of the Management Company, the circumstances which required closure no longer prevail.

If this occurs, no new investors will be entitled to subscribe Investor Shares in these Sub-Funds. Existing Unitholders should contact the Distributor or the Management Company to enquire on opportunities for ongoing subscriptions (if any). All existing Unitholders wishing to subscribe on a given Dealing Day will be treated equitably.

Where closures to new subscriptions or conversions in occur, the website <https://www.assetmanagement.hsbc.com.mt/en/> individual-investor/fund-centre will be updated to indicate the change in status of the applicable Sub-Fund. Investors should confirm with the Management Company, HBMT or check the HBMT website for the current status of Sub-Funds.

## 3.2. Sub-Fund Details

### Malta Bond Fund

#### Base Currency

EUR

#### Investment Objective

The Sub-Fund aims to maximise returns by investing in Maltese Debt Securities and (to a lesser extent) International Debt Securities.

## Investment Policy

The Sub-Fund may invest in Maltese debt securities listed on the Malta Stock Exchange and/or debt securities issued (and/ or guaranteed) by entities located, registered, or incorporated in Malta.

The Sub-Fund may also invest in money-market instruments, deposits with credit institutions and other UCITS or Eligible UCIs.

In order to preserve the prescribed status of the Sub-Fund, no less than 85% of the total assets of the Sub-Fund shall consist of assets situated in Malta (including securities denominated in currencies other than Euro issued by entities which are registered or otherwise situated in Malta).

Up to 15% of the total assets of the Sub-Fund may be invested in assets not situated in Malta.

Fundamental analysis is an important part of the portfolio management process and will form part of every investment decision. Environment, Social and Governance (ESG) factors are considered in every investment decision, and form part of the fundamental analysis.

There are no limits in regard to the credit ratings for Maltese Debt Securities, however, International Debt Securities will be limited to those that are rated Investment Grade.

Up to a maximum of 10% of the total assets may be invested in unlisted securities with no more than 5% in any single issue.

The Sub-Fund may invest up to 10% of its assets in Collective Investment Schemes.

Investment in Feeder Funds or Funds of Funds is not permitted.

The Sub-Fund shall not invest in another Sub-Fund of the Company.

The Sub-Fund has sought and obtained a derogation from the MFSA to be able to invest in excess of 35% of its net assets in Debt Securities and/ or Money Market Instruments issued by the Government of Malta.

The Sub-Fund shall at all times comply with the Risk Management Policy adopted by the Management Company including the HSBC Group policy on prohibited securities, as may be amended from time to time.

## Risk Management

The commitment approach is used to measure and monitor the level of risk for this Sub-Fund. Please refer to Section 1.6. "Risk Management Process" for further information on the commitment approach.

## Classes of Investor Shares

Malta Bond Fund – Accumulator Shares, ISIN: MT0000072042

Malta Bond Fund – Income Shares, ISIN: MT0000072711

## Base Currency

Malta Bond Fund – Accumulator Shares: EUR

Malta Bond Fund – Income Shares: EUR

## Minimum Investment / Minimum Holding

Malta Bond Fund – Accumulator Shares: Nil

Malta Bond Fund – Income Shares: Nil

## Dealing Day

Dealing Day means any Business Day (other than days during a period of suspension of dealing in Investor Shares) and which is also for the Sub-Fund, a day where stock exchanges and Regulated Markets in countries where the Sub-Fund is materially invested are open for normal trading.

## Profile of the Typical Investor

The Sub-Fund aims to meet the needs of Retail Investors looking for capital growth or income with a medium to long term investment time horizon, i.e. they should plan to hold the Sub-Fund for at least five years. The Sub-Fund is designed for use either as part of a diversified investment portfolio or as sole diversified investment providing access to the respective asset class.

## Fees and Expenses

Class of Investor Shares	Malta Bond Fund – Accumulator Shares Malta Bond Fund – Income shares
Management Fee (%) payable to the Management Company	0.785% per annum of the Net Asset Value of the Sub-Fund
Administration Fee (%) payable to the Administrator	A fee of up to 0.06% of Net Assets per annum
	The aggregate fees shall be allocated pro-rata between all Sub-Funds being the proportion that such Sub-Fund's net asset value bears to the aggregate net asset value of all Sub-Funds for the relevant Dealing Day).

Depository Fee (%) payable to the Depository Bank	0.035% per annum of Gross Assets  Subject to a minimum fee of EUR 5,000 per annum in respect of the Sub-Fund excluding out-of-pocket expenses.  The aggregate fees shall be allocated pro-rata between all Sub-Funds being the proportion that such each underlying Sub-Fund's net gross asset value bears to the aggregate net total gross asset value of all the Sub-Funds for the relevant Dealing Day.
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Custody Fee (%) charged by the sub-custodian of the Depository Bank	<b>Maltese Market</b> 0.04% per annum of the value of the value of the assets under custody
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## Foreign Markets

0.0015% - 0.04% of the value of the value of the assets under custody depending on the relevant Foreign Market.

The above and any other fees charged by the sub-custodian to the Depository Bank will be reimbursed out of the assets of the relevant Sub-Fund/s.

Investment Account Fees (%) charged by the HSBC Bank Malta p.l.c.	0.125% per annum on the value of shares held in the Investment Account of each shareholder, with a minimum of EUR 11.65 and a maximum of EUR 116.47 per annum in respect of each Investment Account.
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Exchange of Shares within the Sub-Fund	EUR 11.65
Dividend Administration Fee charged by the HSBC Bank Malta p.l.c. (Class A: Distribution):	EUR4.66 per shareholder eligible to receive the dividend on every dividend distribution date. This fee shall be charged directly to that part of the Sub-Fund's income attributable to the class of shares in respect of which the dividend has been paid.  The fee is not chargeable if a dividend is not declared by the Sub-Fund.

Each Share Class may incur additional fees and expenses which are not disclosed in the above table. Please refer to Section 2.11. "Charges and Expenses" for further details.

## International Bond Fund

### Base Currency

EUR

### Investment Objective

The Sub-Fund aims to maximise returns by, in the most part, investing in a diversified portfolio of International Debt Securities.

### Investment Policy

Fundamental analysis is an important part of the portfolio management process, and the Sub-Fund actively manages portfolio holdings based on a variety of factors such as (but not limited to) issuer specific financials, industry health, political stability, yield curve positioning, relative value, carry and duration management. Environment, Social and Governance (ESG) factors are considered in every investment decision, and form part of the fundamental analysis.

The Sub-Fund will invest most of its assets in debt securities issued by Supranational Organisations, international governments, quasi-governments, agencies, and corporates.

The Sub-Fund may also invest in, among other things, Money-Market Instruments, Collective Investment Schemes, and deposits with credit institutions. The Sub-Fund may invest in developed, emerging and frontier markets. The Sub-Fund may also hold positions in non-investment grade rated securities or unrated securities.

Up to 30% of the Sub-Fund's total assets may consist of Non-Investment Grade debt securities.

In order to maintain the Non-Prescribed status of the Sub-Fund, over 15% of the Sub-Fund's assets shall be invested in assets not situated in Malta.

Up to a maximum of 10% of the total assets may be invested in unlisted securities with no more than 5% in any single issue.

The Sub-Fund may invest up to 10% of its assets in Collective Investment Schemes.

Investment in Feeder Funds or Funds of Funds is not permitted.

The Sub-Fund shall not invest in another Sub-Fund of the Company.

The Sub-Fund shall at all times comply with the Risk Management Policy adopted by the Management Company including the HSBC Group policy on prohibited securities, as may be amended from time to time.

### Risk Management

The commitment approach is used to measure and monitor the level of risk for this Sub-Fund. Please refer to Section 1.6. "Risk Management Process" for further information on the commitment approach.

## Classes of Investor Shares

International Bond Fund – Accumulator Shares (EUR), ISIN:MT7000001996

International Bond Fund – Income Shares (EUR), ISIN: MT7000001988

International Bond Fund – Accumulator Shares (GBP), ISIN: MT7000001970

International Bond Fund – Income Shares (GBP), ISIN: MT7000001962

### Base Currency

International Bond Fund – Accumulator Shares (EUR): EUR

International Bond Fund – Income Shares (EUR): EUR

International Bond Fund – Accumulator Shares (GBP): GBP

International Bond Fund – Income Shares (GBP): GBP

### Minimum Investment/Minimum Holding

International Bond Fund – Accumulator Shares (EUR): EUR 1,000

International Bond Fund – Income Shares (EUR): EUR 4,500

International Bond Fund – Accumulator Shares (GBP): EUR 1,000 equivalent

International Bond Fund – Income Shares (GBP): EUR 4,500 equivalent

### Dealing Day

Dealing Day means any Business Day (other than days during a period of suspension of dealing in Investor Shares) and which is also for the Sub-Fund, a day where stock exchanges and Regulated Markets in countries where the Sub-Fund is materially invested are open for normal trading.

### Profile of the Typical Investor

The Sub-Fund aims to meet the needs of Retail Investors looking for capital growth or income with a medium to long term investment time horizon, i.e. they should plan to hold the Sub-Fund for at least five years. The Sub-Fund is designed for use either as part of a diversified investment portfolio or as sole diversified investment providing access to the respective asset class.

**Fees and Expenses****Class of Investor Shares**International Bond Fund –  
Accumulator Shares (EUR).International Bond Fund –  
Income Shares (EUR).International Bond Fund –  
Accumulator Shares (GBP).International Bond Fund –  
Income Shares (GBP).

Management Fee (%) payable to the Management Company	0.57% per annum of the Net Asset Value of the Sub-Fund.
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Administration Fee (%) payable to the Administrator	A fee of up to 0.06% of Net Assets per annum.
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The aggregate fees shall be allocated pro-rata between all Sub-Funds being the proportion that such Sub-Fund's net asset value bears to the aggregate net asset value of all Sub-Funds for the relevant Dealing Day.

Depository Fee (%) payable to the Depository Bank	0.035% per annum of Gross Assets.
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Subject to a minimum fee of EUR 5,000 per annum in respect of the Sub-Fund excluding out-of-pocket expenses.

The aggregate fees shall be allocated pro-rata between all Sub-Funds being the proportion that such each underlying Sub-Fund's net gross asset value bears to the aggregate net total gross asset value of all the Sub-Funds for the relevant Dealing Day.

Custody Fee (%) charged by the sub-custodian of the Depository Bank	<p><b>Maltese Market</b></p> <p>0.04% per annum of the value of the value of the assets under custody.</p> <p><b>Foreign Markets</b></p> <p>0.0015% – 0.04% of the value of the value of the assets under custody depending on the relevant Foreign Market.</p> <p>The above and any other fees charged by the sub-custodian to the Depository Bank will be reimbursed out of the assets of the relevant Sub-Fund/s.</p>
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Dividend Administration Fee charged by the HSBC Bank Malta p.l.c. (Class A: Distribution)	EUR 4.66 per shareholder eligible to receive the dividend on every dividend distribution date. This fee shall be charged directly to that part of the Sub-Fund's income attributable to the class of shares in respect of which the dividend has been paid. The fee is not chargeable if a dividend is not declared by the Sub-Fund.
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Investment Account Fees (%) charged by the HSBC Bank Malta p.l.c.	0.125% per annum on the value of shares held in the Investment Account of each shareholder, with a minimum of EUR 23.29 and a maximum of EUR 116.47 per annum in respect of each Investment Account.
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Exchange of shares within the Sub-Fund	EUR 11.65 or GBP 9 for those investors who had opted for a Sterling Currency of Expression.
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Each Share Class may incur additional fees and expenses which are not disclosed in the above table. Please refer to Section 2.11. "Charges and Expenses" for further details.

## Equity Growth Fund

### Base Currency

EUR

### Investment Objective

The Sub-Fund aims to achieve long term capital growth by predominantly investing in a diversified portfolio of local and international equities with an international focus.

### Investment Policy

The Sub-Fund will invest at least 70% of its assets in long-term investments consisting of international equities, local equities, and Collective Investment Schemes. The Sub-Fund may also invest in debt securities, money market instruments and deposits with credit institutions.

In order to maintain the Non-Prescribed status of the Sub-Fund, over 15% of the Sub-Fund's assets shall be invested in assets not situated in Malta.

The Sub-Fund may invest up to 10% of its assets in debt securities both directly (listed or unlisted) and indirectly through Collective Investments Schemes.

The Sub-Fund may also invest up to 10% of its assets in unlisted securities.

The Sub-Fund is mandated to invest in a mix of local and international equity securities spread across different geographies and market sectors.

The Sub-Fund's management is governed by a research framework which also takes into consideration Environment, Social and Governance (ESG) factors which are considered in every investment decision.

Investment in Feeder Funds or Funds of Funds is not permitted.

The Sub-Fund shall not invest in another Sub-Fund of the Company.

The Sub-Fund shall at all times comply with the Risk Management Policy adopted by the Management Company including the HSBC Group policy on prohibited securities, as may be amended from time to time.

### Risk Management

The commitment approach is used to measure and monitor the level of risk for this Sub-Fund. Please refer to Section 1.6. "Risk Management Process" for further information on the commitment approach.

### Classes of Investor Shares

Equity Growth Fund – Accumulator Shares Class A, ISIN: MT700000202B

Equity Growth Fund – Accumulator Shares Class B, ISIN: MT7000002028

The Equity Growth Fund – Accumulator Shares - Class A are not available for investment.

### Base Currency

Equity Growth Fund – Accumulator Shares – Class A: EUR

Equity Growth Fund – Accumulator Shares – Class B: EUR

### Minimum Investment/Minimum Holding

Equity Growth Fund – Accumulator Shares – Class A:  
EUR 1,000

### Dealing Day

Dealing Day means any Business Day (other than days during a period of suspension of dealing in Investor Shares) and which is also for the Sub-Fund, a day where stock exchanges and Regulated Markets in countries where the Sub-Fund is materially invested are open for normal trading.

### Profile of the Typical Investor

The Sub-Fund aims to meet the needs of Retail Investors looking for capital growth with a medium to long term investment time horizon, i.e. they should plan to hold the Sub-Fund for at least five years. The Sub-Fund is designed for use either as part of a diversified investment portfolio or as sole diversified investment providing access to the respective asset class.

### Fees and Expenses

**Class of Investor Shares** Equity Growth Fund –  
Accumulator Shares – Class A.

Equity Growth Fund –  
Accumulator Shares – Class B.

Management Fee (%) payable to the Management Company	1.00% per annum of the Net Asset Value of the Sub-Fund.
Administration Fee (%) payable to the Administrator	A fee of up to 0.06% of Net Assets <sup>†</sup> per annum. The aggregate fees shall be allocated pro-rata between all Sub-Funds being the proportion that such Sub-Fund's net asset value bears to the aggregate net asset value of all Sub-Funds for the relevant Dealing Day).



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Depository Fee (%) payable to the Depository Bank	<p>0.035% per annum of Gross Assets.</p> <p>Subject to a minimum fee of EUR 5,000 per annum in respect of the Sub-Fund excluding out-of-pocket expenses.</p> <p>The aggregate fees shall be allocated pro-rata between all Sub-Funds being the proportion that such each underlying Sub-Fund's net gross asset value bears to the aggregate net total gross asset value of all the Sub-Funds for the relevant Dealing Day.</p>
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Custody Fee (%) charged by the sub-custodian of the Depository Bank	<p><b>Maltese Market</b></p> <p>0.04% per annum of the value of the value of the assets under custody.</p> <p><b>Foreign Markets</b></p> <p>0.0015% – 0.04% of the value of the value of the assets under custody depending on the relevant Foreign Market.</p> <p>The above and any other fees charged by the sub-custodian to the Depository Bank will be reimbursed out of the assets of the relevant Sub-Fund/s.</p>
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Investment Account Fees (%) charged by the HSBC Bank Malta p.l.c.	0.125% per annum charged to the Fund on the Net Asset Value.
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Each Share Class may incur additional fees and expenses which are not disclosed in the above table. Please refer to Section 2.11. "Charges and Expenses" for further details.

## Malta Government Bond Fund

### Base Currency

EUR

### Investment Objective

The Sub-Fund aims to maximise returns by investing in Malta Government Securities and (to a lesser extent) International Government (and related entities) debt securities.

### Investment Policy

The Sub-Fund may invest in debt securities and money market instruments issued and/or guaranteed by the Maltese Government including its agencies. The Sub-Fund may also invest in deposits with Credit Institutions licensed in Malta.

In order to preserve the prescribed status of the Sub-Fund, no less than 85% of the total assets of the Sub-Fund shall consist of assets situated in Malta. Up to 15% of the total assets of the Sub-Fund may be invested in assets not situated in Malta, which may consist of Debt Securities and Money Market instruments issued and/or guaranteed by a Sovereign Nation including its agencies, corporations, federal/state/municipal government as well as deposits with credit institutions.

Credit ratings of non-Maltese Government debt securities will be limited to those that are rated Investment Grade.

Macroeconomic factors and capital market conditions drive the portfolio management process, with fundamental analysis being an important aspect. Key areas of focus will include (but are not limited to): duration management, curve positioning and relative value.

The Sub-Fund has sought and obtained a derogation from the MFSA to be able to invest in excess of 35% of its net assets in Debt Securities and/ or Money Market Instruments issued by the Government of Malta.

The Sub-Fund shall at all times comply with the Risk Management Policy adopted by the Management Company including the HSBC Group policy on prohibited securities, as may be amended from time to time.

### Risk Management

The commitment approach is used to measure and monitor the level of risk for this Sub-Fund. Please refer to Section 1.6. "Risk Management Process" for further information on the commitment approach.

### Classes of Investor Shares

Malta Government Bond Fund – Accumulator Class, ISIN: MT7000018370

Malta Government Bond Fund – Income Class, ISIN: MT7000018362

### Base Currency

Malta Government Bond Fund – Accumulator Class: EUR

Malta Government Bond Fund – Income Class: EUR

## Minimum Investment/Minimum Holding

Malta Government Bond Fund – Accumulator Class: EUR 1,000

Malta Government Bond Fund – Income Class: EUR 4,500

## Dealing Day

Dealing Day means any Business Day (other than days during a period of suspension of dealing in Investor Shares) and which is also for the Sub-Fund, a day where stock exchanges and Regulated Markets in countries where the Sub-Fund is materially invested are open for normal trading.

## Profile of the Typical Investor

The Sub-Fund aims to meet the needs of Retail Investors looking for capital growth or income with a medium to long term investment time horizon, i.e. they should plan to hold the Sub-Fund for at least five years. The Sub-Fund is designed for use either as part of a diversified investment portfolio or as sole diversified investment providing access to the respective asset class.

## Fees and Expenses

**Class of Investor Shares** Malta Government Bond Fund – Accumulator Class.

Malta Government Bond Fund – Income Class.

Management Fee (%) payable to the Management Company	0.785% per annum of the Net Asset Value of the Sub-Fund.
Administration Fee (%) payable to the Administrator	A fee of up to 0.06% of Net Assets per annum. The aggregate fees shall be allocated pro-rata between all Sub-Funds being the proportion that such Sub-Fund's net asset value bears to the aggregate net asset value of all Sub-Funds for the relevant Dealing Day).
Depository Fee (%) payable to the Depository Bank	0.035% per annum of Gross Assets. Subject to a minimum fee of EUR 5,000 per annum in respect of the Sub-Fund excluding out-of-pocket expenses. The aggregate fees shall be allocated pro-rata between all Sub-Funds being the proportion that such each underlying Sub-Fund's net gross asset value bears to the aggregate net total gross asset value of all the Sub-Funds for the relevant Dealing Day.

Custody Fee (%) charged by the sub-custodian of the Depository Bank	<p><b>Maltese Market</b> 0.04% per annum of the value of the value of the assets under custody.</p> <p><b>Foreign Markets</b> 0.0015% – 0.04% of the value of the value of the assets under custody depending on the relevant Foreign Market.</p> <p>The above and any other fees charged by the sub-custodian to the Depository Bank will be reimbursed out of the assets of the relevant Sub-Fund/s.</p>
Transaction Fee charged by the HSBC Bank Malta p.l.c.	<p>EUR 23.29 on all repurchase transactions (including an exchange of shares from one Sub-Fund to another) in excess of 3 per calendar year.</p> <p>HBMT reserves the right, at its discretion and on giving notice to a particular Investor, of increasing the charge up to no more than EUR 1,164.69 per transaction on any further transaction effected.</p>
Dividend Administration Fee charged by the HSBC Bank Malta p.l.c. (Class A: Distribution)	<p>EUR 4.66 per shareholder eligible to receive the dividend on every dividend distribution date. This fee shall be charged directly to that part of the Sub-Fund's income attributable to the class of shares in respect of which the dividend has been paid. The fee is not chargeable if a dividend is not declared by the Sub-Fund.</p>
Investment Account Fees (%) charged by the HSBC Bank Malta p.l.c.	<p>0.125% per annum on the value of shares held in the Investment Account of each shareholder, with a minimum of EUR 23.29 and a maximum of EUR 116.47 per annum in respect of each Investment Account.</p>
Exchange of shares within the Sub-Fund	<p>EUR 11.65</p>

Each Share Class may incur additional fees and expenses which are not disclosed in the above table. Please refer to Section 2.11. "Charges and Expenses" for further details.

## Maltese Assets Fund

### Base Currency

EUR

### Investment Objective

The Sub-Fund aims to achieve long-term capital growth by investing in a diversified portfolio of Maltese and (to a lesser extent) international equity and debt securities.

### Investment Policy

In order to achieve the Investment Objective, the Sub-Fund will invest in Transferable Securities, Collective Investments Schemes, Money Market Instruments and Deposits with Credit Institutions.

In order to preserve the prescribed status of the Sub-Fund, no less than 85% of the total assets of the Sub-Fund shall consist of assets situated in Malta.

Up to 15% of the total assets of the Sub-Fund may be invested in assets not situated in Malta. Up to a maximum of 10% of the total assets may be invested in unlisted securities.

The Sub-Fund is mandated to invest in a mix of Maltese and International assets, according to market conditions and there is no restriction on the maturity and quality of such assets. The Sub-Fund's management is governed by a research framework which also takes into consideration Environment, Social and Governance (ESG) factors which are considered in every investment decision.

Investment in Feeder Funds or Funds of Funds is not permitted.

The Sub-Fund shall not invest in another Sub-Fund of the Company.

The Sub-Fund shall at all times comply with the Risk Management Policy adopted by the Management Company including the HSBC Group policy on prohibited securities, as may be amended from time to time.

### Risk Management

The commitment approach is used to measure and monitor the level of risk for this Sub-Fund. Please refer to Section 1.6. "Risk Management Process" for further information on the commitment approach.

### Classes of Investor Shares

Maltese Assets Fund – Accumulator Class, ISIN: MT7000018354

Maltese Assets Fund – Income Class, ISIN: MT7000018347

### Base Currency

Maltese Assets Fund – Accumulator Class: EUR

Maltese Assets Fund – Income Class: EUR

## Minimum Investment/Minimum Holding

Maltese Assets Fund – Accumulator Class: EUR 1,000

Maltese Assets Fund – Income Class: EUR 4,500

## Dealing Day

Dealing Day means any Business Day (other than days during a period of suspension of dealing in Investor Shares) and which is also for the Sub-Fund, a day where stock exchanges and Regulated Markets in countries where the Sub-Fund is materially invested are open for normal trading.

## Profile of the Typical Investor

The Sub-Fund aims to meet the needs of Retail Investors looking for capital growth or income with a medium to long term investment time horizon, i.e. they should plan to hold the Sub-Fund for at least five years. The Sub-Fund is designed for use either as part of a diversified investment portfolio or as sole diversified investment providing access to the respective asset class.

## Fees and Expenses

<b>Class of Investor Shares</b>	Maltese Assets Fund – Accumulator Class.
	Maltese Assets Fund – Income Class.
Management Fee (%) payable to the Management Company	1.06% per annum of the Net Asset Value of the Sub-Fund.
Administration Fee (%) payable to the Administrator	A fee of up to 0.06% of Net Assets per annum.
	The aggregate fees shall be allocated pro-rata between all Sub-Funds being the proportion that such Sub-Fund's net asset value bears to the aggregate net asset value of all Sub-Funds for the relevant Dealing Day).
Depositary Fee (%) payable to the Depositary Bank	0.035% per annum of Gross Assets.
	Subject to a minimum fee of EUR 5,000 per annum in respect of the Sub-Fund excluding out-of-pocket expenses.
	The aggregate fees shall be allocated pro-rata between all Sub-Funds being the proportion that such each underlying Sub-Fund's net gross asset value bears to the aggregate net total gross asset value of all the Sub-Funds for the relevant Dealing Day.

Custody Fee (%) charged by the sub-custodian of the Depository Bank	<b>Maltese Market</b> 0.04% per annum of the value of the value of the assets under custody.
	<b>Foreign Markets</b> 0.0015% – 0.04% of the value of the value of the assets under custody depending on the relevant Foreign Market.
	The above and any other fees charged by the sub-custodian to the Depository Bank will be reimbursed out of the assets of the relevant Sub-Fund/s.
Transaction Fee charged by the HSBC Bank Malta p.l.c.	EUR 23.29 on all repurchase transactions (including an exchange of shares from one Sub-Fund to another) in excess of 3 per calendar year.  HBMT reserves the right, at its discretion and on giving notice to a particular Investor, of increasing the charge up to no more than EUR 1,164.69 per transaction on any further transaction effected.
Dividend Administration Fee charged by the HSBC Bank Malta p.l.c. (Class A: Distribution)	EUR 4.66 per shareholder eligible to receive the dividend on every dividend distribution date. This fee shall be charged directly to that part of the Sub-Fund's income attributable to the class of shares in respect of which the dividend has been paid. The fee is not chargeable if a dividend is not declared by the Sub-Fund.
Investment Account Fees (%) charged by the HSBC Bank Malta p.l.c.	0.125% per annum on the value of shares held in the Investment Account of each shareholder, with a minimum of EUR 23.29 and a maximum of EUR 116.47 per annum in respect of each Investment Account.
Exchange of shares within the Sub-Fund	EUR 11.65

Each Share Class may incur additional fees and expenses which are not disclosed in the above table. Please refer to Section 2.11. "Charges and Expenses" for further details.

# Appendices

## Appendix 1. General Investment Restrictions

Each Sub-Fund of the Company shall be regarded as a separate UCITS for the purposes of this Appendix.

I. 1. The Company may invest in:

- a. transferable securities and money market instruments admitted to or dealt in on a regulated market;
- b. transferable securities and money market instruments dealt in on another market in a Member State which is regulated, operates regularly and open to the public;
- c. transferable securities and money market Instruments admitted to official listing on a stock exchange in a non-Member State of the European Union or dealt in on another market in a non-Member State of the European Union which is regulated, operates regularly, and is recognised and open to the public provided that the choice of the stock exchange or market has been provided for in Appendix 3. "List of approved stock exchanges";
- d. recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or on another regulated market which operates regularly and is recognised and open to the public, provided that the choice of the stock exchange or the markets has been provided for in the constitutional documents of the Company and such admission is secured within one year of the issue;
- e. units of UCITS and/or other Eligible UCIs, whether situated in a Member State or not, provided that:
  - such other Eligible UCIs have been authorised under the laws which provide that they are subject to supervision considered by the MFSA to be equivalent to that laid down in European Community law, and that cooperation between authorities is sufficiently ensured;
  - the level of protection for Unitholders in such other Eligible UCIs is equivalent to that provided for Unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC, as amended;
  - the business of such other Eligible UCIs is reported in semi-annual and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;
  - no more than 10% of the assets of the UCITS or of the other Eligible UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other Eligible UCIs.
- f. deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a country which is a Member State or if the registered office of the credit institution is situated in a third country provided that it is subject to prudential rules considered by the MFSA as equivalent to those laid down in European Community law;
- g. financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market referred to in subparagraphs a., b. and c. above and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:
  - the underlying consists of instruments covered by this Section I.1., financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Fund may invest according to its investment objective;
  - the counterparties to OTC derivative transactions qualify as Approved Counterparties; and
  - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative;

and/or

h. money market instruments other than those dealt in on a regulated market and defined in the Glossary of the Prospectus, if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:

- issued or guaranteed by a central, regional, or local authority or by a central bank of a Member State, the European Central Bank, the EU or the European Investment Bank, a non-Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong; or
- issued by an undertaking any securities of which are dealt in on Regulated Markets referred to in subparagraphs a., b. or c. above; or
- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by the European Community law, or by an establishment which is subject to and complies with prudential rules considered by the MFSA to be at least as stringent as those laid down by European Community law; or
- issued by other bodies belonging to the categories approved by the MFSA provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million Euro (EUR 10,000,000) and which presents and publishes its annual accounts in accordance with the fourth directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

2. In addition, the Company may invest a maximum of 10% of the net assets of any Sub-Fund in transferable securities or money market instruments other than those referred to under paragraph 1. above.

II. The Company may hold ancillary liquid assets.

III. a. i. The Company will invest no more than 10% of the net assets of any Sub-Fund in transferable securities or money market instruments issued by the same issuing body.

ii. The Company may not invest more than 20% of the net assets of any Sub-Fund in deposits made with the same body. The risk exposure of a Sub-Fund to an Approved Counterparty in an OTC

derivative transaction may not exceed 10% of its net assets when the Approved Counterparty is a credit institution referred to in paragraph I.1.f. above or 5% of its net assets in other cases.

b. Moreover, where the Company holds on behalf of a Sub-Fund investments in transferable securities and money market instruments of issuing bodies which individually exceed 5% of the net assets of such Sub-Fund, the total of all such investments must not account for more than 40% of the total net assets of such Sub-Fund.

This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph a., the Company shall not combine, where this would lead to investing more than 20% of its assets in a single body, any of the following for each Sub-Fund:

- investments in transferable securities or money market instruments issued by that body;
- deposits made with that body; or
- exposure arising from OTC derivative transactions undertaken with that body.

c. The limit of 10% laid down in sub-paragraph a. i. above is increased to a maximum of 35% in respect of transferable securities or money market instruments which are issued or guaranteed by a Member State, its public local authorities, or by another Eligible State or by public international bodies of which one or more Member States are members.

d. The limit of 10% laid down in sub-paragraph a. i. is increased to 25% for certain bonds when they are issued by a credit institution which has its registered office in a Member State and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.

If a Sub-Fund invests more than 5% of its net assets in the bonds referred to in this sub-paragraph and issued by one issuer, the total value of such investments may not exceed 80% of the net assets of the Sub-Fund.

e. The transferable securities and money market instruments referred to in paragraphs c. and d. shall not be included in the calculation of the limit of 40% in paragraph b.

The limits set out in paragraphs a., b., c. and d. may not be aggregated and, accordingly, investments in transferable securities or money market instruments issued by the same issuing body, in deposits or in financial derivative instruments effected with the same issuing body may not, in any event, exceed a total of 35% of any Sub-Fund's net assets.

Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this Section III.

The Company may cumulatively invest up to 20% of the net assets of a Sub-Fund in transferable securities and money market instruments within the same group.

- f. Notwithstanding the above provisions, the Company is authorised to invest up to 100% of the net assets of any Sub-Fund, in accordance with the principle of risk spreading, in transferable securities and money market instruments issued or guaranteed by any Member State, by one or more of its local authorities or agencies, a non-Member State of the EU or by another Member State of the OECD, Singapore or any member state of the Group of Twenty or by public international bodies of which one or more Member States of the EU are members, provided that such Sub-Fund must hold securities from at least six different issues and securities from one issue do not account for more than 30% of the net assets of such Sub-Fund.

- IV. a. Without prejudice to the limits laid down in Section V, the limits provided in Section III are raised to a maximum of 20% for investments in shares and/or bonds issued by the same issuing body if the aim of the investment policy of a Sub-Fund is to replicate the composition of a certain stock or bond index which is sufficiently diversified, represents an adequate benchmark for the market to which it refers, is published in an appropriate manner and disclosed in the relevant Sub-Fund's investment policy.
- b. The limit laid down in paragraph a. is raised to 35% where this proves to be justified by exceptional market conditions, in particular on Regulated Markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.
- V. a. The Company may not acquire shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.
- b. The Company may acquire no more than:
- 10% of the non-voting shares of the same issuer;

- 10% of the debt securities of the same issuer;
- 10% of the money market instruments of the same issuer.

- c. These limits under second and third indents may be disregarded at the time of acquisition, if at that time the gross amount of debt securities or of the money market instruments or the net amount of the instruments in issue cannot be calculated.

The provisions of Section V shall not be applicable to transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities or by any other Eligible State, or issued by public international bodies of which one or more Member States of the EU are members.

These provisions are also waived as regards shares held by the Company in the capital of a company incorporated in a non-Member State of the EU which invests its assets mainly in the securities of issuing bodies having their registered office in that State, where under the legislation of that State, such a holding represents the only way in which the Company can invest in the securities of issuing bodies of that State provided that the investment policy of the company from the third country of the EU complies with the limits laid down in paragraphs III., V. and VI. a), b), and c).

- VI. a. The underlying investments held by the UCITS or other Eligible UCIs in which the Company invests do not have to be considered for the purpose of the investment restrictions set forth in Section III. above.
- b. If the Company invests in shares or units of UCITS (including other Sub-Funds of the Company) and/ or other Eligible UCIs that are managed directly or indirectly by the Management Company itself or a company with which it is linked by way of common management or control or by way of a direct or indirect stake of more than 10% of the capital or votes, then there will be no duplication of management, subscription or repurchase fees between the Company and the UCITS and/or other Eligible UCIs into which the Company invests. In derogation of this, if the Company invests in shares of HSBC ETFs PLC, then there may be duplication of management fees for any Sub-Funds. The Company will indicate in its annual report the total management fees charged both to the relevant Sub-Fund and to HSBC ETFs PLC.



If any Sub-Fund's investments in UCITS and other Eligible UCIs constitute a substantial proportion of the Sub-Fund's assets, the total management fee (excluding any performance fee, if any) charged both to such Sub-Fund itself and the other UCITS and/or other Eligible UCIs concerned shall not exceed 3.00% of the relevant assets. The Company will indicate in its annual report the total management fees charged both to the relevant Sub-Fund and to the UCITS and other Eligible UCIs in which such Sub-Fund has invested during the relevant period.

- c. The Company may acquire no more than 25% of the units of the same UCITS or other Eligible UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated.
- d. Unless pursuant to Section 3.2. "Sub-Fund Details", a Sub-Fund expressly may not invest more than 10% of its net assets in the units of UCITS or other Eligible UCIs or in one single such UCITS or other Eligible UCIs (including Target Sub-Funds), the following will apply:
- The Sub-Fund may acquire units of the UCITS and/ or other Eligible UCIs referred to in paragraph I 1. e., provided that no more than 20% of the Sub-Fund's net assets be invested in the units of a single UCITS or other Eligible UCI.
  - For the purpose of the application of the investment limit, each compartment of a UCITS and/or Other Eligible UCI with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.
  - Investments made in units of other Eligible UCIs may not in aggregate exceed 30% of the net assets of the Sub-Fund.
- VII. A Sub-Fund (the "Investing Sub-Fund") may subscribe, acquire and/or hold securities to be issued or issued by one or more Sub-Funds of the Company (each a "Target Sub-Fund") under the condition however that:
- a. The Investing Sub-Fund may not invest more than 10% of its net asset value in a single Target Sub-Fund;
  - b. The Target Sub-Fund(s) do(es) not, in turn, invest in the Investing Sub-Fund invested in this (these) Target Sub-Fund(s);
  - c. The investment policy(ies) of the Target Sub-Fund(s) whose acquisition is contemplated does not allow such Target Sub-Fund(s) to invest more than 10% of its(their) net asset value in UCITS and other Eligible UCIs;

- d. Voting rights, if any, attaching to the Investor Shares of the Target Sub-Fund(s) held by the Investing Sub-Fund are suspended for as long as they are held by the Investing Sub-Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
- f. There is no duplication of management/subscription or repurchase fees between those at the level of the Investing Sub-Fund(s).

Appropriate disclosure of any such cross Sub-Fund investments shall be made in the Company's Half-Yearly and Annual Financial Statements in accordance with MFSA Rules.

- VIII. The Company shall ensure for each Sub-Fund that the global exposure relating to derivative instruments does not exceed the net assets of the relevant Sub-Fund.

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. This shall also apply to the following subparagraphs.

If the Company invests in financial derivative instruments, the exposure to the underlying assets may not exceed in aggregate the investment limits laid down in paragraph III above. When the Company invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in Section III.

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this paragraph VIII.

- IX. a. The Company may not borrow for the account of any Sub-Fund amounts in excess of 10% of the net assets of that Sub-Fund, any such borrowings to be from banks and to be effected only on a temporary basis, provided that the Company may acquire foreign currencies by means of back-to-back loans.
- b. The Company may not grant loans to or act as guarantor on behalf of third parties.
- This restriction shall not prevent the Company from i. acquiring transferable securities, money market instruments or other financial instruments referred to in paragraph I.1.e., g. and h. which are not fully paid, and ii. performing permitted securities lending activities, that shall not be deemed to constitute the making of a loan.
- c. The Company may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments.
  - d. The Company may not acquire movable or immovable property.
  - e. The Company may not acquire either precious metals or certificates representing them.

X. The Management Company will not actively engage in leverage other than any leverage inherent in particular Transferable Securities or as a result of borrowing for short-term liquidity purposes under paragraph IX (a) above. For the purposes of this investment restriction, "leverage" is understood as meaning any method by which the manager intentionally increases the market exposure of a Sub-Fund's portfolio whether through borrowing of cash or securities or leverage embedded in FDIs to benefit from an expected market movement or trend.

XI. a. The Company need not comply with the limits laid down in the above mentioned investment restrictions when exercising subscription rights attaching to transferable securities or money market instruments which form part of its assets.

While ensuring observance of the principle of risk spreading, recently created Sub-Funds may derogate from paragraphs III., IV. and VI. a., b. and c. for a period of six months following the date of their creation.

b. If the limits referred to in paragraph a. are exceeded for reasons beyond the control of the Company or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interest of its Unitholders.

## Appendix 2. Restrictions on the use of Techniques and Instruments

Financial derivative instruments may be used for hedging and efficient portfolio management purposes. Securities lending and repurchase agreements under a) and b) below may be used for efficient portfolio management purposes. Additional restrictions or derogations for certain Sub-Funds will be disclosed in Section 3.2. “Sub-Fund Details” in relation to the relevant Sub-Fund.

### Efficient Portfolio Management

Efficient Portfolio Management (“EPM”) refers to techniques and instruments which relate to transferable securities which fulfil the following criteria:

1. They are economically appropriate in that they are realised in a cost-effective way,
2. They are entered into for one or more of the following specific aims:
  - reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio);
  - reduction of cost (e.g. be short term cash flow management or tactical asset allocation);
  - generation of additional capital or income, with a level of risk that is consistent with the risk profile of a Sub-Fund (e.g. Securities Lending and/or Repurchase (and Reverse Repurchase) agreements where the collateral is not reinvested for any form of leverage).

The use of financial derivative instruments introduces an additional exposure of counterparty risk by the Sub-Fund, although this is managed through internal risk control mechanisms and according to the diversification and concentration requirements of the UCITS regulation.

The use of these EPM instruments/techniques does not change the objective of a Sub-Fund or add substantial risks in comparison to the original risk policy of a sub-fund.

Any EPM instruments/techniques are included within the Company’s liquidity risk management process to ensure that the Company can continue to meet redemptions within the obligated timeframe.

HSBC Global Asset Management is responsible for managing any conflict that might exist such that conflicts are prevented from negatively impacting Unitholders.

All revenues generated from EPM techniques are returned to the Sub-Fund. Revenues received by third party facilitators (e.g. third-party agent lenders or broker-dealers) or affiliates, must be commercially justifiable given the level of service.

### Global Exposure

The global exposure of each Sub-Fund relating to derivative instruments may not exceed the net assets of the relevant Sub-Fund.

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk,

foreseeable market movements and the time available to liquidate the positions. This shall also apply to the next two sub-paragraphs.

If the Company invests in financial derivative instruments, the exposure to the underlying assets may not exceed in aggregate the investment limits laid down in item III. a. to e. of Appendix 1. “General Investment Restrictions”. When the Company invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in item III. a. to e. of Appendix 1 “General Investment Restrictions”.

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements set out in the preceding subparagraph.

### Total Return Swaps

Each Sub-Fund may, to the extent permitted by its investment policy, enter into Total Return Swaps, in order to achieve its investment objective. In particular, a Total Return Swap may be used to replicate the exposure to an index or to swap the performance of one or more instruments into a stream of fixed or variable rate cash-flows.

When trading Total Return Swaps, the Management Company shall trade with an Approved Counterparty that has been approved for over the counter (“OTC”) Financial Derivative Instruments (“FDIs”) trading by the Management Company. As part of the Management Company’s investment process, the Management Company approves counterparties through its internal approval and selection process.

The approval and selection process for OTC FDI counterparties is a dynamic assessment of counterparties based on various criteria. Criteria used for approval of counterparties may include, but are not limited to, a counterparty’s relative strength of credit and regulatory risk profile; ability to provide liquidity, and execution of specialized trades; accessibility, speed and responsiveness; willingness to compromise, and to resolve escalated issues; quality and value of research or financial markets information provided; span of markets covered and depth of coverage on covered markets; efficiency of trade settlement operations; system capabilities. The legal status, country of origin and minimum credit rating of the counterparty will also be taken into account in the selection process.

Generally, the Company shall ensure that any Total Return Swap is traded under approved HSBC Group’s standard documentation wherein:

- a. a collateral is valued according to a valuation schedule or similar mechanism;
- b. exposure of the Total Return Swap is calculated daily on a mark-to-market basis; and
- c. the variation margin is valued and exchanged daily, subject to the terms of the applicable derivatives trading contract.

All the assets subject to Total Return Swaps will be recorded as assets of the relevant Sub-Fund in the books of the Depository

Bank. Collateral, if any, will be held in a separate collateral cash or securities account opened in the name of the Sub-Fund in the books of the Depository Bank.

All revenues, profits and losses generated through the use of Total Return Swaps shall be retained by the relevant Sub-Fund.

### Securities Lending and Repurchase Transactions

To the maximum extent allowed by, and within the limits set forth in the MFSA Rules each Sub-Fund may for the purpose of generating additional capital or income or for reducing costs or risks and subject to the relevant laws and regulations:

- a. enter, either as purchaser or seller, into optional as well as non-optional repurchase transactions (it is not currently the intention of the Company to engage any Sub-Fund in such transaction); and
- b. engage in securities lending up to 100% of the net asset value of the relevant Sub-Funds.

The Company does not currently enter into securities lending transactions. Should the Company decide to make use of such transactions in the future, (1) the Prospectus will be updated in conformity with the Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse, ESMA's Guidelines on ETFs and other UCITS issues (ESMA/2014/937 EN) and the MFSA Rules in order to disclose adequate information in this regard; and (2) prior approval will be sought from relevant regulators (where required) and affected investors will receive at least one month's prior written notification.

### Collateral

The Management Company has the authority to agree the terms for collateral arrangements for purposes of managing counterparty risk where transactions in over the counter ("OTC") Financial Derivative Instruments ("FDIs") have been executed. Transactions in FDIs can only be executed with Approved Counterparties. Such transactions will at all times be governed by approved Group standard documentation such as a legally enforceable bilateral ISDA, and an accompanying Credit Support Annex ("CSA") where it has been agreed that collateral will form part of the transaction.

Assets received by the Company as collateral in the context of EPM techniques and in the context of OTC FDIs will comply with the following criteria at all times:

- a. Liquidity: any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received will also comply with the provisions of paragraph V of Appendix 1. "General Investment Restrictions".
- b. Valuation: eligible collateral, as determined is valued daily by an entity that is independent from the Approved Counterparty on a mark-to-market basis.
- c. Issuer credit quality: noncash collateral received is of high credit quality (at least A3 and A-).

- d. Haircut policy: haircuts will take into account the characteristics of the assets such as the credit standing or the price volatility. Assets that exhibit high price volatility will not be accepted by the Company as collateral unless suitably conservative haircuts are in place. Haircuts are reviewed by the Management Company on an ongoing basis to ensure that they remain appropriate for eligible collateral taking into account collateral quality, liquidity and price volatility. For cash collateral, no haircut will apply.
- e. Correlation: collateral received by the Company is issued by an entity that is independent from the Approved Counterparty or by one that is expected not to display a high correlation with the performance of the Approved Counterparty.
- f. Diversification: collateral received by the Company will remain sufficiently diversified such that no more than 20% of the net asset value of a Sub-Fund will be held in a basket of non-cash collateral (and reinvested collateral) with the same issuer.
- g. Enforceability: collateral received by the Company is capable of being fully enforced by the Company at any time without reference to or approval from the Approved Counterparty.
- h. Non-cash collateral received should not be sold, reinvested, or pledged.
- i. Reinvestment of cash collateral: where received by the Company, reinvested cash collateral will remain sufficiently diversified in accordance with the diversification requirements applicable to non-cash collateral and may only be:
  - placed on deposit with credit institution having its registered office in a country which is a Member State or with a credit institution having its registered office in a third country provided that it is subject to prudential rules considered by the MFSA as equivalent to those laid down in European Community law;
  - invested in short-term money market funds as defined in the Guidelines on a Common Definition of European Money Market Funds approved by the Management Company. The Management Company may delegate authority to the securities lending agent to invest cash collateral into qualifying HSBC products.

As of the date of the Prospectus, the Company only receives cash as collateral and cash collateral will not be reused.

- j. A Sub-Fund that receives collateral for at least 30% of its net assets will have an appropriate stress testing policy in place to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Company to assess the liquidity risk attached to the collateral.

This stress testing policy will:

- ensure appropriate calibration, certification and sensitivity analysis;

- 
- consider an empirical approach to impact assessment, including back-testing of liquidity risk estimates;
  - establish reporting frequency and limit/loss tolerance threshold/s; and
  - consider mitigation actions to reduce loss including haircut policy and gap risk protection.
- k. Other risks – other risks linked to the management of collateral, such as operational and legal risks, are identified, managed and mitigated by the risk management process.
- l. Collateral received by the Company Sub-Funds in respect of securities lending arrangements with HSBC Bank plc (acting as agent through its securities services) will comply with the haircut requirements whereby eligible non-cash collateral will be subject to a minimum positive haircut of 105% for fixed income securities and 110% for equities.

### Appendix 3. List of approved stock exchanges

Apart from other regulated markets which may have been approved by the MFSA but do not yet feature in this Appendix 3, the following is a list of approved stock exchanges:

1. a. any stock exchange which is:
  - i. located in an EEA Member State; or
  - ii. located in Australia, Canada, Hong Kong, Japan, New Zealand, Switzerland, United States of America; or
- b. any stock exchange included in the following list:

Argentina	Bolsa de Comercio de Buenos Aires, Cordoba, Mendoza;
Bahrain	Bahrain Stock Exchange;
Bangladesh	Chittagong Stock Exchange and Dhaka Stock Exchange;
Bolivia	Mercada La Paz Stock Exchange and Santa Cruz Stock;
Botswana	Botswana Stock Exchange;
Brazil	Bolsa de Valores de Sao Paulo, Bolsa de Valores de Brasilia, Bolsa de Valores de Bahia-Sergipe - Alagoas, Bolsa de Valores de Extremo Sul, Bolsa de Valores de Parana, Bolsa de Valores de Regional, Bolsa de Valores de Santos, Bolsa de Valores de Pernambuco e Paraiba and Bolsa de Valores de Rio de Janeiro;
Channel Islands	Channel Islands Stock Exchange;
Chile	Santiago Stock Exchange and Valparaiso Stock Exchange;
China	Shanghai Stock Exchange, Fujian Stock Exchange, Shenzhen Stock Exchange
Colombia	Bolsa de Bogota and Bolsa de Medellin;
Ecuador	Quito Stock Exchange and Guayaquil Stock Exchange;
Egypt	Cairo Stock Exchange and Alexandria Stock Exchange;
Ghana	Ghana Stock Exchange;
India	Mumbai Stock Exchange, Madras Stock Exchange, Delhi Stock Exchange, Ahmedabab Stock Exchange, Bangalore Stock Exchange, Cochin Stock Exchange, Guwahati Stock Exchange, Magadh Stock Exchange, Pune Stock Exchange, Hyderabad Stock Exchange, Ludhiana Stock Exchange, Uttar Pradesh Stock Exchange, Calcutta Stock Exchange and the National Stock Exchange of India;
Indonesia	Jakarta Stock Exchange and Surabaya Stock Exchange;
Jordan	Amman Stock Exchange;
Kazakhstan	Kazakhstan Stock Exchange;
Kenya	Nairobi Stock Exchange;
Korea	Korean Stock Exchange;
Kuwait	Kuwait Stock Exchange;
Lebanon	Beirut Stock Exchange;
Malaysia	Kuala Lumpur Stock Exchange;
Mauritius	Stock Exchange of Mauritius;
Mexico	Bolsa Mexicana de Valores;
Morocco	Casablanca Stock Exchange;
Namibia	Namibian Stock Exchange;
Nigeria	Lagos Stock Exchange, Kaduna Stock Exchange and Port Harcourt Stock Exchange;
Oman	Muscat Securities Market;
Pakistan	Lahore Stock Exchange and Karachi Stock Exchange;
Palestine	Palestine Stock Exchange;
Peru	Bolsa de Valores de Lima;
Philippines	Philippines Stock Exchange;

Qatar	Doha Stock Exchange;
Romania	Bucharest Stock Exchange;
Russia	RTS Stock Exchange, MICEX (solely in relation to equity securities that are traded on level 1 or level 2 of the relevant exchange);
Saudi Arabia	Riyadh Stock Exchange;
Singapore	The Stock Exchange of Singapore;
South Africa	Johannesburg Stock Exchange;
Swaziland	Swaziland Stock Exchange;
Sri Lanka	Colombo Stock Exchange;
Taiwan	Taipei Stock Exchange Corporation;
Thailand	The Stock Exchange of Thailand;
Turkey	Istanbul Stock Exchange;
Ukraine	Ukrainian Stock Exchange;
Uruguay	Montevideo Stock Exchange;
Venezuela	Caracas Stock Exchange and Maracaibo Stock Exchange;
Zambia	Lusaka Stock Exchange.

## c. any of the following

1. The market organised by the International Capital Market Association;
2. The (i) market conducted by banks and other institutions regulated by the FCA and subject to the Inter-Professional Conduct provisions of the FCA's Market Conduct Sourcebook and (ii) market in non-investment products which is subject to the guidance contained in the Non-Investment Products Code drawn up by the participants in the London market, including the FCA and the Bank of England;
3. The market in U.S. government securities conducted by primary dealers regulated by the Federal Reserve Bank of New York and the U.S. Securities and Exchange Commission;
4. The over-the-counter market in the United States conducted by primary and second dealers regulated by the Securities and Exchanges Commission and by the Financial Industry Regulatory Authority (FINRA) (and by banking institutions regulated by the U.S. Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation);
5. KOSDAQ;
6. NASDAQ;
7. SESDAQ;
8. TAISDAQ/Gretai Market;
9. The Chicago Board of Trade;
10. The Chicago Mercantile Exchange;
11. The over-the-counter market in Japan regulated by the Securities Dealers Association of Japan;
12. The Over-the-Counter market in Canadian Government Bonds as regulated by the Investment

Dealers Association of Canada;

13. The French market for Titres de Créance Negotiable (over-the-counter market in negotiable debt instruments);
2. In relation to any exchange traded financial derivative contract, any stock exchange on which such contract may be acquired or sold, and which is regulated, operates regularly, is recognised and open to the public and which is;
  - a. located in an EEA Member State;
  - b. located in Australia, Canada, Hong Kong, Japan, New Zealand, Switzerland or the United States;
  - c. the Channel Islands Stock Exchange; or
  - d. listed at 1(C) above.

The stock exchanges and regulated markets described above are being listed in accordance with the requirements of the MFSA.

**Appendix 4. Directory****Registered Office**

171, Old Bakery Street, Valletta VLT 1455, Malta

**Board of Directors of the Company**

Mr. Steven Tedesco  
Independent Director

Dr. Richard Bernard  
Independent Director

Ms. Lisa Vella  
CEO, HSBC Global Asset Management (Malta) Ltd.

**Management Company**

HSBC Global Asset Management (Malta) Ltd.  
80, Mill Street, Qormi QRM 3101, Malta

**Board of Directors of the Management Company**

Mr. Geoffrey Fichte  
Chief Executive Officer,  
HSBC Bank Malta p.l.c.

Mr. Matteo Pardi  
Head of International Markets  
HSBC Global Asset Management

Ms. Lisa Vella  
Chief Executive Officer,  
HSBC Global Asset Management (Malta) Ltd.

Dr. Mandy R Falzon  
Chief Compliance Officer,  
HSBC Bank Malta p.l.c.

Ms. Elvia George  
Independent Director

**Distributor**

HSBC Bank Malta p.l.c.  
80, Mill Street, Qormi QRM 3101, Malta

**Depository Bank**

Sparkasse Bank Malta p.l.c.  
101 Town Square, Ix-Xatt Ta' Qui-Si-Sana,  
Sliema SLM 3112, Malta

**Administrator**

HSBC Securities Services (Ireland) DAC.  
1 Grand Canal Harbour, Dublin 2, Ireland

**Company Secretary**

Ganado Services Limited  
171, Old Bakery Street, Valletta VLT 1455, Malta

**Auditors**

PricewaterhouseCoopers  
78, Mill Street, Qormi QRM 3101, Malta

**Legal Advisers**

GANADO Advocates  
171, Old Bakery Street, Valletta VLT 1455, Malta



**HSBC Malta Funds SICAV p.l.c.**

171, Old Bakery Street, Valletta VLT 1455.

Registered in Malta number SV2.

Registered Office: 171, Old Bakery Street, Valletta VLT 1455.

Regulated by the Malta Financial Services Authority.

Licensed to conduct Investment Services business by the Malta  
Financial Services Authority under the Investment Services Act.

(Ref No. 115514–11/21)