



IMPORTANT: This document is important and requires your immediate attention. If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or financial adviser.

HSBC Global Investment Funds

société d'investissement à capital variable

(the “Company” or “HSBC GIF”)

16, Boulevard d’Avranches, L-1160 Luxembourg

Grand Duchy of Luxembourg

RCS Luxembourg B 25 087

9 January 2015

Dear Shareholder,

HSBC Global Investment Funds (the “Company” or “HSBC GIF”)

- **HSBC GIF – Global Equity**
 - **HSBC GIF – Japanese Equity**
- (each a “Sub-Fund” collectively the “Sub-Funds”)**

We are writing to inform you of some important proposed changes to the Company. The change of categorisation of the Sub-Funds from equity funds to index tracking funds will result in the following changes summarised as follows (details of the changes are set out in the Appendix to this letter):

- a) Additional risk factors applicable to the Sub-Funds
- b) Change of name of the Sub-Funds and change of investment adviser
- c) Change of investment objective
- d) Change of fee structure: reduction of management fee
- e) Change of Net Asset Value (NAV) calculation
- f) Details on the index methodology

The changes listed above will become effective from 17 February 2015.

Change of categorisation of the Sub-Funds from equity funds to index tracking funds:

Following a review of the investment strategy and advice from the investment advisers (for details of the investment advisers of the Sub-Funds please refer to the attached Appendix), the Board has decided to modify the characteristics of the Sub-Funds, in order to apply the HSBC Economic Scale Indexation strategy to these Sub-Funds (the “**Change**”). The Sub-Funds will now track the HSBC Economic Scale Indices allowing the Sub-Funds to provide greater transparency and lower execution cost.

In line with this strategy, each of these Sub-Funds will seek to track a HSBC Economic Scale Index, by investing in securities included in the relevant index. The HSBC Economic Scale Indices are designed to provide investors with a series of indices based on weights that reflect the economic scale or “footprint” of companies and countries rather than their respective market capitalisations. Securities in the HSBC Economic Scale Indices are weighted in proportion to their value added, a measure of a company’s economic scale, which is the difference between a company’s output (sales) and its inputs (purchases of goods and services from other business).

The difference between a HSBC Economic Scale Index (summary of the index methodology for each Sub-Fund is set out below) and a conventional index is in the weighting of companies it holds: a conventional index aims to hold each company in proportion to the financial markets’ valuation of that company, while a HSBC Economic Scale Index aims to hold each company in proportion to an objective, economic measure of the company’s size.

By weighting companies in proportion to their economic footprint, rather than market valuation, it is possible to avoid the performance drag associated with overweighting overpriced shares and underweighting underpriced shares by virtue of their position within a conventional index.

The Change does not require shareholders’ approval pursuant to the constitutive documents and the constitutive

documents do not need to be amended in respect of such change. The Change will not result in any change to your shareholdings. The Sub-Funds will continue to be subject to the risks as set out in the section headed “Risk Factors” in the Explanatory Memorandum dated July 2014 (the “**Explanatory Memorandum**”). Furthermore, the Sub-Funds will be subject to risk factors applicable to an index fund (set out in the Appendix below) or shareholders may refer to the relevant disclosures and warnings in the Explanatory Memorandum, in particular, the sub-section headed “(2) Sub-Fund specific risk considerations” in the section headed “Risk Factors” of the Explanatory Memorandum. You may also refer to the attached “Questions and Answers: Change to HSBC GIF – Global Equity and HSBC GIF – Japanese Equity (the “Sub-Funds”)” which sets out frequently asked questions and answers with regards to the Change.

The portfolio of the Sub-Funds will be transitioned on the transfer date, 17 February 2015 (the “**Transfer Date**”). On the Transfer Date, the investment adviser of the Sub-Funds will transition the portfolio into a passive strategy. There will be transaction costs associated with the adjustment of the investment portfolio of each Sub-Fund as a result of the change of investment objective. These transaction costs will be borne by the relevant Sub-Fund on the Transfer Date. The estimated transaction cost for the Sub-Funds are as follows:

- HSBC GIF: Global Equity – 0.11% of the Sub-Fund’s Net Asset Value
- HSBC GIF: Japan Equity – 0.13% of the Sub-Fund’s Net Asset Value

As an existing Shareholder, due to the changes above you may take the opportunity to switch to any other sub-fund within the HSBC GIF range or fully redeem your investment from your Sub-Fund(s) free of charge until 16 February 2015. Switches and redemptions will be carried out in accordance with the normal terms disclosed in the Explanatory Memorandum but without any redemption charges and switching fee. However, please note that some distributors, paying agents, correspondent banks or intermediaries might charge switching and/or transaction fees or expenses at their own discretion.

The Board accepts responsibility for the accuracy of the information contained in this letter.

If you have any questions in relation to the above, please direct these to your bank or financial adviser or alternatively you should contact the Hong Kong Representative, HSBC Investment Funds (Hong Kong) Limited at Level 22, HSBC Main Building, 1 Queen’s Road Central, Hong Kong (telephone number: (852) 2284 1229).

Yours faithfully,

HSBC Investment Funds (Hong Kong) Limited
Hong Kong Representative of HSBC Global Investment Funds

Appendix

1. Risk Factors applicable to Index Sub-Funds

(i) Index replication risk

Each of the Sub-Funds will seek to track (replicate) an index, by investing directly in the components of the index, any fluctuation/volatility of the index may result in increases/decreases of the Sub-Fund's valuation. The Investment Adviser will not seek to select stocks or take defensive positions in declining markets. Therefore, should the index fall, the net asset values of the Sub-Funds tracking such index would also fall and investors may lose a significant part of their investments.

The Sub-Funds are not actively managed. Accordingly, the lack of discretion to adapt to market changes due to the inherent investment nature of each Sub-Fund means that falls in the related underlying index are expected to result in a corresponding fall in the value of the relevant Sub-Fund.

(ii) Tracking error risk

There is no guarantee that the investment objective of any sub-fund will be achieved. In particular, no financial instrument enables the returns of any Index to be reproduced exactly. Changes in the investments of any sub-fund and re-weightings of the relevant Index may give rise to various transaction costs (including in relation to the settlement of foreign currency transactions), operating expenses, custody costs, taxes, corporate actions, cash flows into and out of a sub-fund from dividend/reinvestments or inefficiencies which may adversely impact a sub-fund's tracking of the performance of an Index. Furthermore, the total return on investment in the Shares of a sub-fund will be reduced by certain costs and expenses which are not taken into account in the calculation of the applicable Index. Moreover, in the event of the temporary suspension or interruption of trading in the Investments comprising the Index, or of market disruptions, rebalancing a sub-fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

Factors which may impact the ability of a Sub-Fund to track an index

- Transaction costs incurred as a result of an index rebalance: in order to maintain the proportion of each security aligned with the tracked index, a Sub-Fund will need to buy/sell securities whenever the tracked index re-balances/changes its components. These will include any transaction taxes.
- Custody costs: these are incurred by a Sub-Fund for holding the securities it invests in. Custody costs vary by market.
- Dividend/reinvestments: a Sub-Fund may receive dividends as a result of owning stocks. This will usually be paid in cash. A Sub-Fund will usually retain a proportion of cash to be able to deal with day-to-day Sub-Fund management operations to minimise the need to sell any securities. Dividends may sometimes be kept in cash until enough payments have accumulated in order to reinvest in the Sub-Fund's securities.
- Taxes: a Sub-Fund may be liable for taxes such as withholding tax or capital gains tax.
- Currency costs: foreign exchange transactions are generally executed against a determined index benchmark (e.g. Reuters). In some instances, a Sub-Fund may not be able to execute foreign exchange transactions at the same point due to specific currency restrictions by some markets (e.g. Emerging Markets countries).
- Corporate actions: in some instances, the treatment of specific corporate actions (e.g. dividend payments) by the index may differ from how the Sub-Fund treats such corporate action and calculates its Net Asset Value.
- The Sub-Fund will use a Full Replication strategy to track the relevant index, although the Investment Adviser may also decide to employ an Optimised Replication strategy in specific circumstances, including but not limited to, where the size of the Sub-Fund is too small or falls below a threshold and it is not cost effective to adopt a Full Replication strategy or where there are market disruption events (i.e. market access issues).
- The Sub-Fund aims to minimise the tracking error by employing a Full Replication strategy, aiming to hold all of the constituents (or equivalent instruments) of the index, generally in the same proportion in which they are included in the index.

(iii) Concentration risk

An index may be concentrated in companies operating in certain markets or securities listed in certain stock exchanges; therefore any situation impacting such markets or stock exchanges may also impact the index and the Sub-Fund's performance.

(iv) Index calculation risk

The Index Sponsor has entered into an agreement with Euromoney Indices (the Calculation Agent). Under such agreement the Calculation Agent will calculate the indices on behalf of the Index Sponsor which will be used by the

Investment Adviser to manage the Sub-Funds. The agreement is subject to an annual review.

The relevant Sub-Fund may not be able to fulfil its objective and may be terminated if the relevant index ceases to be compiled or published and there is no replacement index using the same or substantially similar formula for the method of calculation as used in calculating the relevant index.

The indices are calculated by the Calculation Agent on behalf of the Index Sponsor without any consideration to the performance of the Sub-Funds. The Calculation Agent and the Index Sponsor make no representation or warranty or recommendation, express or implied, to investors in the Sub-Funds or other persons regarding the advisability of investing in the Sub-Funds. There is no assurance that the Calculation Agent will compile the indices accurately, or that the indices will be determined, composed or calculated accurately. In addition, the process and the basis of computing and compiling the indices and any of its related formulae, constituent companies and factors may at any time be changed or altered without notice.

(v) Composition of the index risk

The composition of the indices may change (e.g. stocks currently comprising the indices may subsequently be delisted. Other stocks may also be added subsequently to become constituent stocks of the indices). The Investment Adviser will seek to implement any change to the indices composition (i.e. to re-balance the portfolio according to the changes of the index) but there is no guarantee the Sub-Funds will accurately reflect the composition of the indices at any given time.

There is also no warranty, representation or guarantee given to the shareholders as to the accuracy or completeness of the relevant underlying indices, their computation or any information related thereto.

(vi) Risk of withdrawal of authorization by the Securities and Futures Commission of Hong Kong (“SFC”)

Each Sub-Fund seeks to provide investment results that closely correspond with the performance of the relevant underlying index. The Sub-Funds have been authorized as a collective investment scheme under the Code on Unit Trusts and Mutual Funds by the SFC pursuant to section 104 of the Securities and Futures Ordinance. However, the SFC reserves the right to withdraw the authorization of a Sub-Fund, for example, if the SFC considers the relevant underlying index is no longer acceptable to the SFC. Such acceptance does not imply official approval or endorsement of the index. The SFC’s authorisation is not a recommendation or endorsement of a Sub-Fund nor does it guarantee the commercial merits of a Sub-Fund or its performance. This does not mean the Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

(vii) Index Suitability Risk

In the event that the underlying index ceases to be operated or is not available, the Investment Adviser will in accordance with the Articles of Incorporation, subject to the prior approval of the SFC and by giving at least one month’s notice, change the underlying index to a replacement index that is tradable and has similar objectives to the existing index.

(viii) Conflict of Interest Risk

The Investment Adviser, the Company, the Management Company and the Index Sponsor are part of the HSBC Group. The Investment Adviser, Index Sponsor, the Company, and the Management Company 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 its obligations under any agreements to which it is party or by which it is 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 shareholders when undertaking any dealings or investments where conflicts of interest may arise, each will respectively endeavour to ensure that such conflicts are resolved fairly and in compliance with applicable legal and regulatory requirements.

Since different entities under the same corporate group, the HSBC Group, act as the Investment Adviser, the Company, the Management Company and the Index Sponsor, insolvency and disruption in the operation of any of these entities may lead to suspension of dealing.

2. HSBC GIF – Global Equity

A) Change of name of the Sub-Fund and change of Investment Adviser

The Board has decided to rename the sub-fund HSBC GIF-Global Equity as HSBC GIF-Economic Scale Index Global Equity and to replace the Investment Adviser of the Sub-Fund as described in the table below:

Sub-Fund	Investment adviser until 16 February 2015	Investment adviser from 17 February 2015
HSBC GIF-Global Equity	HSBC Global Asset Management (France)	
HSBC GIF - Economic Scale Index Global Equity		HSBC Global Asset Management (UK) Limited

B) Change of investment objective

The Board has also decided to amend the investment objective of the Sub-Fund as described in the table below:

Investment objective	
Until 16 February 2015 HSBC GIF - Global Equity	<p>The Sub-Fund seeks long term capital growth by investing primarily in a well diversified portfolio of investments in equity and equity equivalent securities of companies which have their registered office in, and/or with an official listing on a major stock exchange or other Regulated Market of any country.</p> <p>The Sub-Fund will seek to invest in companies with their registered office in, and/or with an official listing in, developed markets such as OECD countries, and also those in Emerging Markets. Whilst there are no capitalisation restrictions, it is anticipated that the Sub-Fund will invest primarily in larger, established companies.</p> <p>The Sub-Fund may use financial derivative instruments to a limited extent for investment purpose.</p>
From 17 February 2015 HSBC GIF - Economic Scale Index Global Equity	<p>The Sub-Fund aims to track the HSBC Economic Scale Index World (the “Global Index”) by investing in securities that are included in the Global Index.</p> <p>The Sub-Fund will use a Full Replication strategy to track the Global Index. The Investment Adviser may also decide to employ a strategy of Optimised Replication in specific circumstances including but not limited to where the size of the Sub-Fund is too small or falls below a threshold and it is not cost effective to adopt a fully replicated strategy or where there are market disruption events (i.e. market access issues). The Optimised Replication strategy involves the acquisition of a subset of the component securities of the Global Index and possibly of some securities that are not included in the Global Index that are designed to help the sub-fund track the performance of the Global Index.</p> <p>The Sub-Fund does not intend to enter into any securities lending, repurchase or reverse repurchase transactions or similar over the counter transactions.</p> <p>The Sub-Fund does not intend to use financial derivative instruments extensively for investment purpose. However, the Sub-Fund may also invest in financial derivative instruments for hedging purposes and cash flow management (i.e. Equitisation).</p> <p>Where the Sub-Fund may be restricted to invest in certain components securities of the Global Index, due to HSBC Group and/or local regulator restrictions, the Sub-Fund may use financial derivative instruments (e.g. contracts for difference) to achieve exposure to such components.</p>

On the Transfer Date, HSBC GIF - Global Equity will be transferred to and managed by the new Investment Adviser, HSBC Global Asset Management (UK) Limited, who will transition the portfolio into a passive strategy.

C) Change of fee structure: reduction of management fee

The Board has decided to reduce the management fee of the Sub-Fund as detailed in the table below:

	Until 16 February 2015[#]						From 17 February 2015[#]					
Class of Shares	A	B	E	I	X	J	A	B	E	I	X	J
Management Fee (%)	1.50	0.75	2.00	0.75	0.60	0.60	0.60	0.30	0.90	0.30	0.30	0.30

[#] The following share classes are available to the public in Hong Kong: AD.

D) Change of NAV calculation

As a result of the Change, the Net Asset Value calculation will be amended as detailed in the table below:

NAV calculation until 16 February 2015	NAV calculation from 17 February 2015
On each Dealing Day.	Requests for the purchase, conversion and redemption of Shares received prior to the dealing cut-off time on a Dealing Day will, if accepted, normally be based on the Net Asset Value per Share which is calculated on the Business Day after the relevant Dealing Day.

The change of NAV calculation is as a result of the Sub-Fund's change of investment strategy to an index tracking strategy, which will allow the Investment Adviser to implement portfolio trades closer to the Index and Sub-Fund valuation point which should minimise the performance difference between the Sub-Fund and the Index. There will be no material impact to the Sub-Fund or its shareholders.

E) Details on the index methodology

The Sub-Fund will use the following methodology:

The Global Index methodology uses a screening process to determine whether a security is eligible for inclusion in the index. Such process takes into consideration:

1. Minimum free floated market capitalisation: free float is defined as the number of shares outstanding and available for purchase multiplied by the share price.
2. Minimum liquidity: this is calculated using the average daily traded value for each security over a period of 6 months.
3. Minimum length of trading: this does not apply to securities resulting from a corporate action that were already part of the Global Index.
4. Foreign ownership availability: the Global Index includes only securities that are available to international investors (i.e. any security restricted to local investors only will be excluded from the index).

The Global Index comprises securities of companies that have their registered office in, and/or with an official listing on a major stock exchange or other Regulated Market in a developed market anywhere in the world. The Global Index comprises more than 1600 constituents in 25 markets.

The HSBC Economic Scale Indices provide investors with a broad equity exposure by weighting firms based on the economic contribution that they make to the global economy. This approach differs to the more traditional market capitalisation indices. The constituent securities of the index are then weighted in proportion to the average annual Valued Added of the company that issued them. Value Added is the difference between a company's outputs and inputs, it is calculated using data in the company's annual financial statements and the averaging is performed over the most recent five years. Value Added is calculated in the similar manner for all sectors with the exception of financials. Lending and deposits are a key component of financial companies' activities therefore better representative measures are used to calculate Value Added for these companies.

Additionally, in the unlikely event that a company's financial statement data is not available, the value will be calculated based on the company's market capitalisation to ensure the Index is representative of its market/region.

The Global Index is calculated and published by Euromoney Indices (the Calculation Agent) on behalf of HSBC Global Asset Management Limited (the Index Sponsor) on a daily basis by using the official closing price in the markets where constituents in the Global Index are traded. The Calculation Agent is not part of the HSBC Group.

The Global Index is available on Bloomberg (HES1YWDU) and on the following website (<http://www.global.assetmanagement.hsbc.com/investment-capabilities/alternative-indexation>). Further information on the Global Index including a summary of the index methodology, index value, index description, top 10 largest constituents, index weights, sector breakdown, index characteristics, index performance and other important news are available on (<http://www.global.assetmanagement.hsbc.com/investment-capabilities/alternative-indexation>).

The Investment Adviser, the Company, the Management Company and the Index Sponsor are part of the HSBC Group. The Investment Adviser, the Index Sponsor, the Company and the Management Company are functionally independent of each other. The HSBC Global Asset Management Index Committee ("Index Committee") govern the use of any HSBC Asset Management proprietary indices including but not limited to Index development, Index calculation, and licensing. There are rigorous processes in place to manage any conflict of interests and segregation of duties to ensure that the interests of the Company and the shareholders are not prejudiced. For the avoidance of doubt Index methodology cannot be amended without Index Committee approval. The Investment Adviser, the

Management Company and/or the Company are not involved in the calculation and publication of the Global Index. For further details regarding conflicts of interests, please refer to the section headed “Conflicts of Interest” in the Explanatory Memorandum.

3. HSBC GIF – Japanese Equity

A) Change of name of the Sub-Fund and change of investment objective

The Board has decided to rename the sub-fund HSBC GIF-Japanese Equity as HSBC GIF-Economic Scale Index Japan Equity and to amend the investment objective of the Sub-Fund as describe in the table below:

Investment objective	
Until 16 February 2015 HSBC GIF - Japanese Equity	The Sub-Fund seeks long term capital growth by investing primarily in a well diversified portfolio of investments in equity and equity equivalent securities of companies which have their registered office in, and with an official listing on a major stock exchange or other Regulated Market of Japan as well as those companies which carry out a preponderant part of their business activities in Japan. Whilst there are no capitalisation restrictions, it is anticipated that the Sub-Fund will seek to invest primarily in larger, established companies.
	The Sub-Fund may also invest in financial derivative instruments such as futures, equity swaps options and forward currency contracts and in other currency and equity derivatives. The Sub-Fund intends to use such financial derivative instruments for, inter alia, the purposes of managing market exposure (up to a maximum of 110% of the Sub-Fund’s net asset value) and currency positioning but also to enhance return when the Investment Adviser believes the investment in financial derivative instruments will assist the Sub-Fund in achieving its investment objectives.
	The Sub-Fund does not intend to use financial derivative instruments extensively for investment purpose.
From 17 February 2015 HSBC GIF - Economic Scale Index Japan Equity	The Sub-Fund aims to track the HSBC Economic Scale Index Japan (the “Japan Index”) by investing in securities that are included in the Japan Index.
	The Sub-Fund will use a Full Replication strategy to track the Japan Index. The Investment Adviser may also decide to employ a strategy of Optimised Replication in specific circumstances including but not limited to where the size of the Sub-Fund is too small or falls below a threshold and it is not cost effective to adopt a fully replicated strategy or where there are market disruption events (i.e. market access issues). The Optimised Replication strategy involves the acquisition of a subset of the component securities of the Japan Index and possibly of some securities that are not included in the Japan Index that are designed to help the sub-fund track the performance of the Japan Index.
	The Sub-Fund does not intend to enter into any securities lending, repurchase or reverse repurchase transactions or similar over the counter transactions.
	The Sub-Fund does not intend to use financial derivative instruments extensively for investment purpose. However, the Sub-Fund may also invest in financial derivative instruments for hedging purposes and cash flow management (i.e. Equitisation).
	Where the Sub-Fund may be restricted to invest in certain components securities of the Japan Index, due to HSBC Group and/or local regulator restrictions, the Sub-Fund may use financial derivative instruments (e.g. contracts for difference) to achieve exposure to such components.

On the Transfer Date, the Investment Adviser will transition the portfolio into a passive strategy.

B) Change of fee structure: reduction of management fee

The Board has decided to reduce the management fee of the Sub-Fund as detailed in the table below:

	Until 16 February 2015 [#]						From 17 February 2015 [#]					
Class of Shares	A	B	E	I	X	P	A	B	E	I	X	P
Management Fee (%)	1.50	0.75	2.00	0.75	0.60	1.00	0.60	0.30	0.90	0.30	0.30	0.40

[#] The following share classes are available to the public in Hong Kong: PD.

C) Change of NAV calculation

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The change of NAV calculation is as a result of the Sub-Fund's change of investment strategy to an index tracking strategy, which will allow the Investment Adviser to implement portfolio trades closer to the Index and Sub-Fund valuation point which should minimise the performance difference between the Sub-Fund and the Index. There will be no material impact to the Sub-Fund or its shareholders.

D) Details on the index methodology

The Sub-Fund will use the following methodology:

The Japan Index methodology uses a screening process to determine whether a security is eligible for inclusion in the index. Such process takes into consideration:

1. Minimum free floated market capitalisation: free float is defined as the number of shares outstanding and available for purchase multiplied by the share price.
2. Minimum liquidity: this is calculated using the average daily traded value for each security over a period of 6 months.
3. Minimum length of trading: this does not apply to securities resulting from a corporate action that were already part of the Japan Index.
4. Foreign ownership availability: the Japan Index includes only securities that are available to international investors (i.e. any security restricted to local investors only will be excluded from the index).

The Japan Index comprises securities of companies that have their registered office in, and/or with an official listing on a major stock exchange or other Regulated Market in Japan. The Japan Index comprises more than 400 constituents.

The HSBC Economic Scale Indices provide investors with a broad equity exposure by weighting firms based on the economic contribution that they make to the global economy. This approach differs to the more traditional market capitalisation indices. The constituent securities of the index are then weighted in proportion to the average annual Valued Added of the company that issued them. Value Added is the difference between a company's outputs and inputs, it is calculated using data in the company's annual financial statements and the averaging is performed over the most recent five years. Value Added is calculated in the similar manner for all sectors with the exception of financials. Lending and deposits are a key component of financial companies' activities therefore better representative measures are used to calculate Value Added for these companies.

Additionally, in the unlikely event that a company's financial statement data is not available, the value will be calculated based on the company's market capitalisation to ensure the Index is representative of its market/region.

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