



HSBC Global Investment Funds

Société d'investissement à capital variable
16, Boulevard d'Avranches, L-1160 Luxembourg
Grand Duchy of Luxembourg
R.C.S. Luxembourg No. B 25 087

20 April 2016

Dear Shareholder,

We are writing to inform you of some important changes to HSBC Global Investment Funds. Please find enclosed two notices:

Page 1: The main categories of changes, each applying to certain sub-funds, concern the following:

- Change of name of the distribution share classes
- Change to the investment objective of certain equity and multi-asset sub-funds relating to the ways they invest in China and India, use of financial derivative instruments and gain exposure to real estate
- Change to the investment objective of certain bond sub-funds relating to the investment in contingent convertible securities
- Change of risk measurement methodology
- Disclosure of reference performance benchmark
- Clarification of dealing cut-off times and settlement period for subscriptions and redemptions

Page 72: The outsourcing of certain transfer agent services to a subsidiary or member of the HSBC Group in Malaysia

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
The Hong Kong Representative of HSBC Global Investment Funds

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This document is important and requires your attention. If you have any questions, you should immediately consult your stockbroker, bank manager, solicitor, accountant or financial adviser.

Capitalised terms used herein shall bear the same meaning as capitalised terms used in the Explanatory Memorandum.

HSBC Global Investment Funds
Société d'investissement à capital variable
16, Boulevard d'Avranches, L-1160 Luxembourg
Grand Duchy of Luxembourg
R.C.S. Luxembourg No. B 25 087

20 April 2016

Dear Shareholder,

We are writing to advise you that the board of directors (the "Board") of HSBC Global Investment Funds ("HSBC GIF") has decided, in the interests of Shareholders, to make a series of changes aiming at optimising the management of HSBC GIF's sub-funds.

The main categories of changes, each applying to certain sub-funds, concern the following:

- Change of name of the distribution share classes
- Change to the investment objective of certain equity and multi-asset sub-funds relating to the ways they invest in China and India, use of financial derivative instruments and gain exposure to real estate
- Change to the investment objective of certain bond sub-funds relating to the investment in contingent convertible securities
- Change of risk measurement methodology
- Disclosure of reference performance benchmark
- Clarification of dealing cut-off times and settlement period for subscriptions and redemptions

The changes (including the rationale, the impact and the effective date of change) for each sub-fund impacted are explained in this letter. A summary of changes per sub-fund is also presented at the back of the letter for your ease of reference.

All changes will be reflected in a new version of the Explanatory Memorandum and the Product Key Facts Statement of the relevant sub-funds, which will be available, free of charge, upon request from the Hong Kong Representative or from your local distributor/representative.

The changes will not impact the number of shares you hold in a sub-fund. The level of fees applied to the sub-funds will not change as a result of the implementation of these changes. The costs such as legal or administrative expenses associated with the implementation of these changes will be paid out of the fixed operating, administrative and servicing expenses applied to the sub-funds and any excess of expenses would be borne directly by the Management Company or its affiliates.

You do not need to take any action. However, if you wish to switch your shareholding to any other sub-fund within the HSBC GIF range or redeem your investment free of charge* until 19 May 2016, you can do so under the normal dealing terms disclosed in the Explanatory Memorandum.

The Management Company and the HSBC Global Asset Management entities appointed as Investment Advisers of the sub-funds will seek to manage the implementation of these changes as efficiently as possible.

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

* Please note that some distributors, paying agents, correspondent banks or intermediaries might charge switching and/or transaction fees or expenses at their own discretion.

If you have any questions about these changes and would like to discuss the matter in more detail, please contact your bank or financial adviser or alternatively you should contact HSBC Investment Funds (Hong Kong) Limited (the Hong Kong Representative) 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

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- Global Equity Volatility Focused
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Applies to the following sub-funds:

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- BRIC Markets Equity
- China Consumer Opportunities
- Chinese Equity
- Emerging Wealth
- Global Emerging Markets Equity
- Global Equity Dividend
- Global Equity Volatility Focused
- Hong Kong Equity
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- Managed Solutions – Asia Focused Conservative
- Managed Solutions – Asia Focused Growth
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Applies to the following sub-funds:

- Euro High Yield Bond
- Global Bond
- Global Emerging Markets Bond
- Global High Income Bond
- Global High Yield Bond
- Managed Solutions – Asia Focused Conservative
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- Managed Solutions – Asia Focused Income
- US Dollar Bond

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1. Name of the Distribution Share Classes

Applies to the following sub-funds: Asia Pacific ex Japan Equity High Dividend, Euro High Yield Bond, Global Bond, Global Emerging Markets Bond, Global Equity Dividend, Global Equity Volatility Focused, Global High Income Bond, Global High Yield Bond, Managed Solutions – Asia Focused Conservative, Managed Solutions – Asia Focused Growth, Managed Solutions – Asia Focused Income and US Dollar Bond.

► The Change

Alongside with the existing annual, quarterly and monthly frequencies already disclosed in the Explanatory Memorandum, distribution shares may also declare and pay a dividend on a semi-annual basis.

Distribution shares will be identified as detailed in the table below:

	Annual (at least)	Semi-Annual	Quarterly	Monthly
Distribution Shares	a “D” follows the sub-fund and Class names	an “S” follows the sub-fund and Class names	a “Q” follows the sub-fund and Class names	an “M” follows the sub-fund and Class names
Example for Class A	AD	AS	AQ	AM

In addition, the Explanatory Memorandum introduces new types of distribution share classes. As a result, new distribution share identifiers will be created for existing classes to facilitate the identification of each type of distribution shares. Certain existing Distribution Shares will be therefore renamed accordingly. More importantly, the existing Distribution Shares dividend calculation methodologies will not change.

Investors should be aware that for Share Class Identifiers 1, 2 and 3 the distribution of dividends may be made out of income and/or capital gains and/or capital. Dividends may therefore impact their tax position and accordingly investors are encouraged to seek appropriate tax advice in relation to investment in the different Share Classes.

The share class identifiers are listed and defined as detailed in the table below:

Share Class Identifier	Calculation Methodology
For illustrative purposes, each of the possible dividend frequencies is shown below on Class A Shares.	The usual method for calculating dividends is described below. The Board may decide, at their discretion, to change or amend any of the calculation methodologies at any time.
Class AD Class AS Class AQ Class AM	It is intended that substantially all investment income (net of fees and expenses ¹ and net of withholding taxes) attributable to such Share Class will be declared as a dividend.
Class AD1 Class AS1 Class AQ1 Class AM1	It is intended that substantially all investment income (gross of fees and expenses ¹ and net of withholding taxes) attributable to such Share Class will be declared as a dividend. Investors should be aware that fees and expenses ¹ will be charged to capital. As a result it may be considered that such Share Classes are effectively distributing capital gains, if any, and capital attributable to such Shares. Distribution of capital represents a withdrawal of part of an investor’s original investment and may result in a reduction of the NAV per Share over time.
Class AD2 Class AS2 Class AQ2 Class AM2	It is intended that the Share Class will declare a dividend based upon the estimated annualised yield of the relevant sub-fund’s underlying portfolio which is attributable to the Share Class. The Management Company will review the estimated annualised yield at least semi-annually. However, the Management Company may decide, at its discretion, to make adjustments to the dividend rate at any time to reflect changes in the estimated annualised yield of the sub-fund’s portfolio.

	<p>Investors should be aware that this dividend policy will pay out dividends gross of fees and expenses¹ and may pay out dividends gross of withholding taxes. The estimate of a sub-fund's underlying portfolio yield will not necessarily equal the income received by the Share Class and may result in distribution of both realised and unrealised capital gains, if any, and capital attributable to such Shares. Distribution of capital represents a withdrawal of part of an investor's original investment.</p> <p>Such distributions may result in a reduction of the NAV per Share over time and the NAV per Share may fluctuate more than other Share Classes.</p>
<p>For illustrative purposes, the share classes below are Euro Currency Hedged Classes:</p> <p>Class AD3HEUR Class AS3HEUR Class AQ3HEUR Class AM3HEUR</p>	<p>This type of Share Class will only be offered on sub-funds which offer Currency Hedged Classes. Please refer to section headed "Share Class Information" of the Explanatory Memorandum for more information.</p> <p>It is intended that the Share Class will declare a dividend based upon: (i) the estimated annualised yield of the relevant sub-fund's underlying portfolio which is attributable to the Share Class and (ii) an estimate of the interest rate carry (which could be positive or negative) and which is based upon the interest rate differential between the sub-fund's Reference Currency and the Reference Currency Share Class. A negative interest rate differential will result in a reduction of the dividend payment and may result in no dividends being paid.</p> <p>The Management Company will review the estimated annualised yield at least semi-annually. However, the Management Company may decide, at its discretion, to make adjustments to the dividend rate at any time to reflect changes in the estimated annualised yield of the sub-fund's portfolio.</p> <p>Investors should be aware that this dividend policy will pay out dividends gross of fees and expenses¹ and may pay out dividends gross of withholding taxes. The estimate of sub-fund's underlying portfolio yield will not necessarily equal income received by the Share Class and the estimate of the interest rate carry does not represent income received by the Share Class. Therefore this may result in distribution of capital gains, if any, and could result in distribution of capital attributable to such Shares. Distribution of capital represents a withdrawal of part of an investor's original investment.</p> <p>Such distributions may result in a reduction of the NAV per Share over time and NAV per Share may fluctuate more than other Share Classes.</p> <p>This type of Share Class is only intended for investors whose home currency (which is the main currency an investor uses on a day-to-day basis) is the same as the Share Class Reference Currency.</p> <p>These Share Classes are available through certain distributors selected by the Global Distributor and may only be available to certain investors who meet eligibility criteria as decided by the Management Company.</p>

¹ "Fees and expenses" refers to: Management Fees, Operating, Administrative and Servicing Expenses and the Operating Currency Hedging Fee, if applicable, as further described in the section headed "Charges and Expenses" of the Explanatory Memorandum.

► **Rationale of the Change**

The introduction of semi-annual Distribution Shares will offer further flexibility through a coherent structure aiming to meet the various needs of clients seeking for income distribution.

The creation of new identifiers will enable Shareholders to easily identify the Distributions Shares they are invested in and help to distinguish between the dividend calculation methodologies applied to Distribution Shares.

► **List of Sub-Funds and Share Classes Impacted by the Change**

Sub-Fund Names (in alphabetical order)	ISIN Code	Name of the Distribution Share Classes	
		Until the Effective Date of Change	From the Effective Date of Change
Asia Pacific ex Japan Equity High Dividend	LU0197773673	AD	AS
Asia Pacific ex Japan Equity High Dividend	LU0630378429	AM	AM2
Asia Pacific ex Japan Equity High Dividend	LU0630378692	AMHKD	AM2HKD
Euro High Yield Bond	LU0871576368	AM	AM2
Euro High Yield Bond	LU0871576442	AMHHKD	AM3HHKD
Euro High Yield Bond	LU0871577507	AMHAUD	AM3HAUD
Euro High Yield Bond	LU0871577689	AMHCAD	AM3HCAD
Euro High Yield Bond	LU0871577762	AMHGBP	AM3HGBP
Euro High Yield Bond	LU0871577846	AMHUSD	AM3HUSD
Global Bond	Nil	AM	AM2
Global Emerging Markets Bond	LU0571531218	AM	AM2
Global Emerging Markets Bond	LU0798789524	AMHAUD	AM3HAUD
Global Emerging Markets Bond	LU0798789953	AMHCAD	AM3HCAD
Global Emerging Markets Bond	LU0798789797	AMHEUR	AM3HEUR
Global Emerging Markets Bond	LU0798789870	AMHGBP	AM3HGBP
Global Emerging Markets Bond	LU0723558572	AMHKD	AM2HKD
Global Equity Dividend	LU1236620750	AM	AM2
Global Equity Dividend	LU1236620834	AMHKD	AM2HKD
Global Equity Volatility Focused	LU1066051498	AM	AM2
Global Equity Volatility Focused	LU1066052546	AMHAUD	AM3HAUD
Global Equity Volatility Focused	LU1066052629	AMHCAD	AM3HCAD
Global Equity Volatility Focused	LU1066052892	AMHEUR	AM3HEUR
Global Equity Volatility Focused	LU1066051811	AMHKD	AM2HKD
Global Equity Volatility Focused	LU1066052975	AMHGBP	AM3HGBP
Global Equity Volatility Focused	LU1066053197	AMHSGD	AM3HSGD
Global High Income Bond	LU0524291456	AM	AM2
Global High Income Bond	LU0524291456	AMHKD	AM2HKD
Global High Income Bond	LU0798789102	AMHAUD	AM3HAUD
Global High Income Bond	LU0798789441	AMHCAD	AM3HCAD
Global High Income Bond	LU0798789284	AMHEUR	AM3HEUR
Global High Income Bond	LU0798789367	AMHGBP	AM3HGBP

Sub-Fund Names (in alphabetical order)	ISIN Code	Name of the Distribution Share Classes	
		Until the Effective Date of Change	From the Effective Date of Change
Global High Yield Bond	LU0780247044	AM	AM2
Global High Yield Bond	LU0780247473	AMHAUD	AM3HAUD
Global High Yield Bond	Nil	AMHCAD	AM3HCAD
Global High Yield Bond	LU0780247630	AMHEUR	AM3HEUR
Global High Yield Bond	LU0780247713	AMHGBP	AM3HGBP
Global High Yield Bond	LU0780247127	AMHKD	AM2HKD
Managed Solutions – Asia Focused Conservative	LU0854292561	AM	AM2
Managed Solutions – Asia Focused Conservative	LU0854294187	AMHKD	AM2HKD
Managed Solutions – Asia Focused Conservative	LU0854295580	AMHAUD	AM3HAUD
Managed Solutions – Asia Focused Conservative	LU0854296554	AMHCAD	AM3HCAD
Managed Solutions – Asia Focused Conservative	LU0854295150	AMHEUR	AM3HEUR
Managed Solutions – Asia Focused Conservative	LU0854296042	AMHGBP	AM3HGBP
Managed Solutions – Asia Focused Growth	LU0955033146	AM	AM2
Managed Solutions – Asia Focused Growth	LU0955033492	AMHKD	AM2HKD
Managed Solutions – Asia Focused Growth	LU0955033658	AMHAUD	AM3HAUD
Managed Solutions – Asia Focused Growth	LU0955033732	AMHCAD	AM3HCAD
Managed Solutions – Asia Focused Growth	LU0955033815	AMHEUR	AM3HEUR
Managed Solutions – Asia Focused Growth	LU0954277827	AMHGBP	AM3HGBP
Managed Solutions – Asia Focused Income	LU0762541174	AM	AM2
Managed Solutions – Asia Focused Income	LU0800731944	AMHAUD	AM3HAUD
Managed Solutions – Asia Focused Income	LU0800732249	AMHCAD	AM3HCAD
Managed Solutions – Asia Focused Income	LU0800732082	AMHEUR	AM3HEUR
Managed Solutions – Asia Focused Income	LU0762542818	AMHKD	AM2HKD
Managed Solutions – Asia Focused Income	LU0800732165	AMHGBP	AM3HGBP
US Dollar Bond	Nil	AM	AM2

► **Impact of the Change**

The change will have no impact on the investment objective and Profile of the Typical Investor Category of the sub-funds as defined in the Explanatory Memorandum.

► **Effective Date of Change**

The change will become effective from 20 June 2016.

2. Investment Objective

2.1 Investment in Chinese securities through the Shanghai-Hong Kong Stock Connect and China A-Shares Access Products, Use of Financial Derivative Instruments and Investment in Real Estate Investment Trusts

Applies to the following sub-funds: Asia ex Japan Equity, Asia ex Japan Equity Smaller Companies, Asia Pacific ex Japan Equity High Dividend, BRIC Equity, BRIC Markets Equity, China Consumer Opportunities, Chinese Equity, Emerging Wealth, Global Emerging Markets Equity, Global Equity Dividend, Global Equity Volatility Focused, Hong Kong Equity, Indian Equity, Managed Solutions – Asia Focused Conservative, Managed Solutions – Asia Focused Growth and Managed Solutions – Asia Focused Income.

► The Changes

Shanghai-Hong Kong Stock Connect and China A-Shares Access Products

The Board has given consideration to the investment strategy of the following sub-funds and has decided to make changes to their investment objectives. The aim is to optimise the portfolio management by making changes to the way the sub-funds invest in China.

Going forward the sub-funds will be authorised to invest in Chinese equities listed on stock exchanges in the People's Republic of China ("PRC") and may invest in China A-shares (i) directly through the Shanghai-Hong Kong Stock Connect ("Stock Connect") and/or (ii) indirectly through China A-shares Access Products ("CAAP").

- Asia ex Japan Equity
- Asia ex Japan Equity Smaller Companies
- Asia Pacific ex Japan Equity High Dividend
- BRIC Equity
- BRIC Markets Equity
- China Consumer Opportunities
- Chinese Equity
- Emerging Wealth
- Global Emerging Markets Equity
- Global Equity Dividend
- Global Equity Volatility Focused
- Hong Kong Equity
- Managed Solutions – Asia Focused Conservative
- Managed Solutions – Asia Focused Growth
- Managed Solutions – Asia Focused Income

Use of Financial Derivative Instruments

The Board has also taken the opportunity of the change above to enhance the overall description of the investment objectives of the sub-funds. In particular, the Board has reviewed the use of financial derivative instruments and has decided to implement in the investment objective a standardised wording bringing further clarity as well as consistency throughout the sub-funds' investment objectives. It will better describe the purposes of using financial derivatives instruments and how extensively these instruments may be used by a sub-fund.

As a result, the investment objectives of the following sub-funds will be amended to reflect the enhanced wording.

- Asia ex Japan Equity
- Asia ex Japan Equity Smaller Companies
- Asia Pacific ex Japan Equity High Dividend
- BRIC Equity
- BRIC Markets Equity
- China Consumer Opportunities
- Chinese Equity
- Emerging Wealth
- Global Emerging Markets Equity
- Global Equity Dividend
- Global Equity Volatility Focused
- Hong Kong Equity

- Indian Equity
- Managed Solutions – Asia Focused Conservative
- Managed Solutions – Asia Focused Growth
- Managed Solutions – Asia Focused Income

Investment in Eligible Closed Ended Real Estate Investment Trusts

The Board has given consideration to the management of the sub-funds and has decided to make changes to the investment objectives aiming at optimising the portfolio management to further clarify the scope of investment universe where the sub-funds have the flexibility or exposure to invest in Real Estate through direct investments in eligible closed-ended Real Estate Investment Trusts (“REITs”). The following sub-funds are currently investing and may invest in REITs and therefore the investment objectives and strategy of the following sub-funds will be amended accordingly for better clarity:

- Global Emerging Markets Equity
- Global Equity Dividend
- Global Equity Volatility Focused
- Managed Solutions – Asia Focused Income
- Managed Solutions – Asia Focused Growth
- Managed Solutions – Asia Focused Conservative

Other Changes

For Managed Solutions – Asia Focused Conservative, Managed Solutions – Asia Focused Growth and Managed Solutions – Asia Focused Income, the investment objective of each sub-fund will be amended to clarify that these sub-funds will not invest more than 30% of their assets in money market instruments and cash.

In respect of Managed Solutions – Asia Focused Conservative, the investment universe will also be extended so that the sub-fund may invest up to 30% of its assets in asset classes other than Equity and Fixed income. This may include exposure to Real Estate through direct investments in REITs and/or through investments in units or shares of eligible funds.

► **Rationale for the Changes**

Shanghai-Hong Kong Stock Connect and China A-Shares Access Products

Stock Connect is a securities trading and clearing platform developed by Hong Kong Exchanges and Clearing Limited (“HKEx”) and Shanghai Stock Exchange (“SSE”) with an aim to achieve mutual stock market access between the PRC and Hong Kong. Stock Connect comprises a Northbound Trading Link (for investment in China A-shares) by which the sub-funds may be able to invest in eligible shares listed on SSE.

The flexibility to investment in Chinese equities via Stock Connect and CAAP will allow the sub-funds to take greater advantage of investment opportunities in China.

Use of Financial Derivative Instruments

The standardised wording will bring further clarity as well as consistency throughout the sub-funds’ investment objectives.

Investment in eligible closed ended Real Estate Investment Trusts

The additional information relating to investments in REITs will enhance the description of the investment universe of the sub-funds.

Other Changes

For Managed Solutions – Asia Focused Conservative, Managed Solutions – Asia Focused Growth and Managed Solutions – Asia Focused Income, the additional information will enhance the description of the investment universe of the sub-funds and investment limits applied to each asset class.

In respect of Managed Solutions – Asia Focused Conservative, the extension of the investment universe will give further flexibility as the sub-fund may allocate its assets through a wider range of asset classes. In respect of the other sub-funds that currently invest in REITs, the disclosures are enhanced to provide further clarity on the exposure of REITs.

► **Impact of the Changes**

The changes will have no impact on the aim of the sub-funds and Profile of the Typical Investor Category of the sub-funds as defined in the Explanatory Memorandum.

► **Effective Date of the Changes**

The changes will become effective from 20 May 2016.

► **Investment Objective**

The investment objectives of all the sub-funds mentioned above will therefore be amended as follows (changes are highlighted in bold in the updated version of the investment objective for your ease of reference):

• **Asia ex Japan Equity**

From the Effective Date of Change

The sub-fund aims to provide long term capital growth by investing in a portfolio of Asian (excluding Japanese) equities.

The sub-fund invests in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of companies which are domiciled in, based in, or carry out the larger part of their business activities in Asia (excluding Japan), in both developed markets such as OECD countries and Emerging Markets.

Investments in Chinese equities include, but are not limited to, China A-shares and China B-shares (and such other securities as may be available) listed on stock exchanges in the People's Republic of China ("PRC"). The sub-fund may directly invest in China A-shares through the Shanghai-Hong Kong Stock Connect, subject to applicable quota limitations. Furthermore, the sub-fund may gain exposure to China A-shares indirectly through China A-shares Access Products ("CAAP") such as, but not limited to, participation notes linked to China A-shares.

The sub-fund may invest up to 30% of its net assets in China A-shares through the Shanghai-Hong Kong Stock Connect and up to 30% of its net assets in CAAPs. The sub-fund's maximum exposure to China A-shares (through the Shanghai-Hong Kong Stock Connect or CAAP) and China B-shares is 50% of its net assets. The sub-fund will not invest more than 10% of its net assets in CAAPs issued by any single issuer of CAAPs.

The sub-fund normally invests across a range of market capitalisations without any capitalisation restriction.

The sub-fund may invest up to 10% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).

The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the sub-fund may invest.

Until the Effective Date of Change

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 any Asian country (excluding Japan), as well as companies which carry out a preponderant part of their economic activities in the Asian region (excluding Japan).

As the sub-fund will seek to invest in companies throughout Asia (excluding Japan), these can be both companies with a registered office in, and with an official listing in developed markets such as the Asian OECD countries and also those in emerging Asian countries.

Whilst there are no capitalisation restrictions, it is anticipated that the sub-fund will seek to invest primarily in larger, established companies. At least 60% of the sub-fund's assets will be invested in securities denominated in currencies other than the Korean Won.

- Asia ex Japan Equity Smaller Companies

From the Effective Date of Change
<p>The sub-fund aims to provide long term capital growth by investing in a portfolio of Asian (excluding Japanese) smaller company equities.</p> <p>The sub-fund invests in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of companies which are domiciled in, based in, or carry out the larger part of their business activities in Asia (excluding Japan) including both developed markets such as OECD countries and Emerging Markets.</p> <p>The sub-fund will invest a minimum of 70% of its net assets in equities and equity equivalent securities of smaller companies defined as those in the bottom 25% by market capitalisation of the Asia ex Japan universe (made of the combination of the MSCI AC Asia ex Japan index and the MSCI AC Asia ex Japan Small Cap index).</p> <p>Investments in Chinese equities include, but are not limited to, China A-shares and China B-shares (and such other securities as may be available) listed on stock exchanges in the People's Republic of China ("PRC"). The sub-fund may directly invest in China A-shares through the Shanghai-Hong Kong Stock Connect, subject to applicable quota limitations. Furthermore, the sub-fund may gain exposure to China A-shares indirectly through China A-shares Access Products ("CAAP") such as, but not limited to, participation notes linked to China A-shares.</p> <p>The sub-fund may invest up to 30% of its net assets in China A-shares through the Shanghai-Hong Kong Stock Connect and up to 30% of its net assets in CAAPs. The sub-fund's maximum exposure to China A-shares (through the Shanghai-Hong Kong Stock Connect or CAAP) and China B-shares is 50% of its net assets. The sub-fund will not invest more than 10% of its net assets in CAAPs by any single issuer of CAAPs.</p> <p>The sub-fund may invest up to 10% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).</p> <p>The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the sub-fund may invest.</p>
Until the Effective Date of Change
<p>The sub-fund seeks long term capital growth by investing primarily in a diversified portfolio of investments in equity and equity equivalent securities of smaller, less-established companies (being defined as those with a maximum market capitalisation of USD 2 billion at the time of purchase) which have their registered office in, and with an official listing on a major stock exchange or other Regulated Market of any Asian country (excluding Japan) as well as companies which carry out a preponderant part of their economic activities in the Asian region (excluding Japan).</p> <p>As the sub-fund will seek to invest in companies throughout Asia (excluding Japan), these will be both companies with a registered office in and with an official listing in, developed markets such as the Asian OECD countries, and also those in emerging Asian countries.</p>

- Asia Pacific ex Japan Equity High Dividend

From the Effective Date of Change
<p>The sub-fund aims to provide dividend yield whilst also maximising total return by investing in a portfolio of Asia Pacific (excluding Japan) equities.</p> <p>The sub-fund aims to invest in a portfolio that offers a dividend yield above the MSCI AC Asia Pacific ex Japan Net.</p> <p>The sub-fund invests in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of companies which are domiciled in, based in, or carry out the larger part of their business activities in Asia Pacific (excluding Japan) including both developed markets such as OECD countries and Emerging Markets.</p>

Investments in Chinese equities include, but are not limited to, China A-shares and China B-shares (and such other securities as may be available) listed on stock exchanges in the People's Republic of China ("PRC"). The sub-fund may directly invest in China A-shares through the Shanghai-Hong Kong Stock Connect, subject to applicable quota limitations. Furthermore, the sub-fund may gain exposure to China A-shares indirectly through China A-shares Access Products ("CAAP") such as, but not limited to, participation notes linked to China A-shares.

The sub-fund may invest up to 30% of its net assets in China A-shares through the Shanghai-Hong Kong Stock Connect and up to 30% of its net assets in CAAPs. The sub-fund's maximum exposure to China A-shares (through the Shanghai-Hong Kong Stock Connect or CAAP) and China B-shares is 50% of its net assets. The sub-fund will not invest more than 10% of its net assets in CAAPs issued by any single issuer of CAAPs.

The sub-fund normally invests across a range of market capitalisations without any capitalisation restriction.

The sub-fund may invest up to 10% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).

The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the sub-fund may invest.

Until the Effective Date of Change

The sub-fund seeks long term capital growth and a high level of income by investing primarily in a 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 any Asia Pacific country (excluding Japan) as well as companies which carry out a preponderant part of their economic activities in the Asia Pacific region (excluding Japan), that offer short-term sustainable dividend yields above the market average and/or the potential for dividend growth above the market average over the short-term.

As the sub-fund will seek to invest in companies throughout the Asia Pacific region (excluding Japan), these can be both companies with a registered office in, and with an official listing in developed markets, and also those in emerging Asian countries.

Whilst there are no capitalisation restrictions, it is anticipated that the sub-fund will seek to invest primarily in larger, established companies. At least 60% of the sub-fund's assets will be invested in securities denominated in currencies other than the Korean Won.

- **BRIC Equity**

From the Effective Date of Change

The sub-fund aims to provide long term total return by investing in a portfolio of equities from Brazil, Russia, India and China (including Hong Kong SAR) ("BRIC").

The sub-fund invests in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of companies which are domiciled in, based in, or carry out the larger part of their business activities in Brazil, Russia, India and/or China (including Hong Kong SAR) (BRIC).

Investments in Chinese equities include, but are not limited to, China A-shares and China B-shares (and such other securities as may be available) listed on stock exchanges in the People's Republic of China ("PRC"). The sub-fund may directly invest in China A-shares through the Shanghai-Hong Kong Stock Connect, subject to applicable quota limitations. Furthermore, the sub-fund may gain exposure to China A-shares indirectly through China A-shares Access Products ("CAAP") such as, but not limited to, participation notes linked to China A-shares.

The sub-fund may invest up to 40% of its net assets in China A-shares through the Shanghai-Hong Kong Stock Connect and up to 30% of its net assets in CAAPs. The sub-fund's maximum exposure to China A-shares (through the Shanghai-Hong Kong Stock Connect or CAAP) and China B-shares is 50% of its net assets. The sub-fund will not invest more than 10% of its net assets in CAAPs issued by any single issuer of CAAPs.

The sub-fund normally invests across a range of market capitalisations without any capitalisation restriction.

The sub-fund may invest up to 10% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).

The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the sub-fund may invest.

Until the Effective Date of Change

The sub-fund seeks long term returns from capital growth and income by investing primarily in a concentrated 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 in Brazil, Russia, India and China (including Hong Kong SAR) ("BRIC") as well as those companies with significant operations or carrying out a preponderant part of their business activities in these countries provided that investments in securities dealt in on the Russian markets other than those recognised by the Luxembourg regulator as Regulated Markets are subject to the 10% limit set forth in the section headed "General Investment Restrictions".

These companies will be those that at the time of purchase have their registered office in, and with an official listing on a major stock exchange or other Regulated Market of a BRIC country, as well as those companies which carry out a preponderant part of their business activities in any of the BRIC countries.

Whilst there are no capitalisation restrictions, it is anticipated that the sub-fund will seek to invest across a range of capitalisations.

The portfolio will be actively managed, aiming to achieve total returns to investors without reference to market index weightings.

- **BRIC Markets Equity**

From the Effective Date of Change

The sub-fund aims to provide long term total return by investing in a portfolio of equities from Brazil, Russia, India and China (including Hong Kong SAR) ("BRIC").

The sub-fund invests in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of companies which are domiciled in, based in, or carry out the larger part of their business activities in, Brazil, Russia, India and/or China (including Hong Kong SAR) (BRIC).

Investments in Chinese equities include, but are not limited to, China A-shares and China B-shares (and such other securities as may be available) listed on stock exchanges in the People's Republic of China ("PRC"). The sub-fund may directly invest in China A-shares through the Shanghai-Hong Kong Stock Connect, subject to applicable quota limitations. Furthermore, the sub-fund may gain exposure to China A-shares indirectly through China A-shares Access Products ("CAAP") such as, but not limited to, participation notes linked to China A-shares.

The sub-fund may invest up to 40% of its net assets in China A-shares through the Shanghai-Hong Kong Stock Connect and up to 30% of its net assets in CAAPs. The sub-fund's maximum exposure to China A-shares (through the Shanghai-Hong Kong Stock Connect or CAAP) and China B-shares is 50% of its net assets. The sub-fund will not invest more than 10% of its net assets in CAAPs issued by any single issuer of CAAPs.

The sub-fund normally invests across a range of market capitalisations without any capitalisation restriction.

The sub-fund may invest up to 10% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).

The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the sub-fund may invest.

Until the Effective Date of Change

The sub-fund aims to provide long term total return by investing in a portfolio of equities from Brazil, Russia, India and China (including Hong Kong SAR) (BRIC).

The sub-fund invests (normally a minimum of 90% of its net assets) in equities and equity equivalent securities of companies which are based in Brazil, Russia, India and China (including Hong Kong SAR) (BRIC) as well as those companies which carry out the larger part of their business activities in these countries.

The sub-fund normally invests across a range of market capitalisations.

The sub-fund may achieve its investment policy by investing up to 10% of its net assets in units or shares of UCITS and/or other Eligible UCIs (excluding other sub-funds of HSBC Global Investment Funds).

The sub-fund may achieve its investment objective by investing in financial derivative instruments. However, the sub-fund does not intend to invest in financial derivative instruments extensively for investment purposes and their primary use will be for hedging and efficient portfolio management, including purposes such as cash flow management.

Financial derivative instruments that the sub-fund may use include, but are not limited to, foreign exchange forwards (including non-deliverable forwards) and on-exchange traded index futures. Financial derivative instruments may also be embedded in other instruments used by the fund (for example, participation notes and convertibles).

- **China Consumer Opportunities**

From the Effective Date of Change

The sub-fund aims to provide long term total return by investing in a portfolio of equities of companies positioned to benefit from growth in the consumer economy in China.

The sub-fund invests in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of mid to large cap companies which are domiciled in, based in, or carry out business activities in, any country including both developed markets, such as OECD countries, and Emerging Markets.

The reference to “mid to large cap” generally refers to companies in the top 85% of each market by free-float adjusted market capitalisation. Such percentage may differ from market to market and may be subject to change from time to time.

Investments in Chinese equities include, but are not limited to, China A-shares and China B-shares (and such other securities as may be available) listed on stock exchanges in the People’s Republic of China (“PRC”). The sub-fund may directly invest in China A-shares through the Shanghai-Hong Kong Stock Connect, subject to applicable quota limitations. Furthermore, the sub-fund may gain exposure to China A-shares indirectly through China A-shares Access Products (“CAAP”) such as, but not limited to, participation notes linked to China A-shares.

The sub-fund may invest up to 20% of its net assets in China A-shares through the Shanghai-Hong Kong Stock Connect and up to 30% of its net assets in CAAPs. The sub-fund’s maximum exposure to China A-shares (through the Shanghai-Hong Kong Stock Connect or CAAP) and China B-shares is 30% of its net assets. The sub-fund will not invest more than 10% of its net assets in CAAPs issued by any single issuer of CAAPs.

The sub-fund may invest up to 10% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).

The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the sub-fund may invest.

Until the Effective Date of Change

The sub-fund seeks long term total return by investing at least 90% of its net assets in a diversified portfolio of investments in equity and equity equivalent securities of mid to large cap companies around the world,

positioned to benefit from the growing middle class and changing consumer behaviour in China.

The investment universe mainly comprises of mid to large cap global companies with growing revenues in the luxury sector as well as consumer discretionary and staples sectors that have appeal and recognition by Chinese consumers. The reference to “mid to large cap” generally refers to the top 85% of each market’s free-float adjusted market capitalisation. Such percentage may differ from market to market and may be subject to change from time to time.

The sub-fund will invest in the consumer discretionary and consumer staples sector which includes, but is not limited to automobiles & components, consumer durables & apparel, consumer services, media, retailing, food & staples retailing, food, beverage & tobacco, household & personal products industries.

The sub-fund may use financial derivative instruments for hedging purposes only.

- **Chinese Equity**

From the Effective Date of Change

The sub-fund aims to provide long term capital growth by investing in a portfolio of Chinese equities.

The sub-fund invests in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of companies which are domiciled in, based in, or carry out the larger part of their business activities in the People’s Republic of China (“China”), including Hong Kong SAR.

Investments in Chinese equities include, but are not limited to, China A-shares and China B-shares (and such other securities as may be available) listed on stock exchanges in the People’s Republic of China (“PRC”). The sub-fund may directly invest in China A-shares through the Shanghai-Hong Kong Stock Connect, subject to applicable quota limitations. Furthermore, the sub-fund may gain exposure to China A-shares indirectly through China A-shares Access Products (“CAAP”) such as, but not limited to, participation notes linked to China A-shares.

The sub-fund may invest up to 50% of its net assets in China A-shares through the Shanghai-Hong Kong Stock Connect and up to 50% of its net assets in CAAPs. The sub-fund’s maximum exposure to China A-shares (through the Shanghai-Hong Kong Stock Connect or CAAP) and China B-shares is 70% of its net assets. The sub-fund will not invest more than 10% of its net assets in CAAPs issued by any single issuer of CAAPs.

The sub-fund normally invests across a range of market capitalisations without any capitalisation restriction.

The sub-fund may invest up to 10% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).

The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the sub-fund may invest.

Until the Effective Date of Change

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 the People’s Republic of China (“China”), including Hong Kong SAR, as well as those companies which carry out a preponderant part of their business activities in China.

There are no capitalisation restrictions, and it is anticipated that the sub-fund will seek to invest across a range of capitalisations.

- **Emerging Wealth**

From the Effective Date of Change

The sub-fund aims to provide long term total return by investing in a portfolio of equities of companies

positioned to benefit from growth in the consumer economy in Emerging Markets.

The sub-fund invests in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of companies which are domiciled in, based in, or carry out business activities in, any country including both developed markets, such as OECD countries, and Emerging Markets.

Investments in Chinese equities include, but are not limited to, China A-shares and China B-shares (and such other securities as may be available) listed on stock exchanges in the People's Republic of China ("PRC"). The sub-fund may directly invest in China A-shares through the Shanghai-Hong Kong Stock Connect, subject to applicable quota limitations. Furthermore, the sub-fund may gain exposure to China A-shares indirectly through China A-shares Access Products ("CAAP") such as, but not limited to, participation notes linked to China A-shares.

The sub-fund may invest up to 20% of its net assets in China A-shares through the Shanghai-Hong Kong Stock Connect and up to 30% of its net assets in CAAPs. The sub-fund's maximum exposure to China A-shares (through the Shanghai-Hong Kong Stock Connect or CAAP) and China B-shares is 30% of its net assets. The sub-fund will not invest more than 10% of its net assets in CAAPs issued by any single issuer of CAAPs.

The sub-fund normally invests across a range of market capitalisations without any capitalisation restriction.

The sub-fund may invest up to 10% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).

The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the sub-fund may invest.

Until the Effective Date of Change

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.

The sub-fund will seek to benefit from the growing consumer economy in Emerging Markets. The sub-fund will seek to invest in companies with registered office in, and/or with an official listing in, developed markets such as OECD countries, and also those in Emerging Markets.

There are no capitalisation restrictions, and it is anticipated that the sub-fund will seek to invest across a range of market capitalisations.

- **Global Emerging Markets Equity**

From the Effective Date of Change

The sub-fund aims to provide long term total return by investing in a portfolio of Emerging Market equities.

The sub-fund invests in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of companies which are domiciled in, based in, or carry out the larger part of their business activities in, Emerging Markets. **The sub-fund may also invest in eligible closed-ended Real Estate Investment Trusts ("REITs").**

To the extent that the sub-fund invests in India, when making new investments or reallocating the portfolio, the sub-fund will invest directly in equities and equity equivalent securities of companies which are domiciled in India and the sub-fund will no longer increase its holdings in the Subsidiary (as defined below). Holdings in the Subsidiary may decrease. During a transitional period, which is expected to begin in September 2016 and to be completed by the end of October 2016, the sub-fund will divest its holdings in the Subsidiary in order to reinvest these assets directly.

Investments in Chinese equities include, but are not limited to, China A-shares and China B-shares (and such other securities as may be available) listed on stock exchanges in the People's Republic of China ("PRC"). The sub-fund may directly invest in China A-shares through the Shanghai-Hong Kong Stock Connect, subject to applicable quota limitations. Furthermore, the sub-fund may gain exposure to China A-shares indirectly through China

A-shares Access Products (“CAAP”) such as, but not limited to, participation notes linked to China A-shares.

The sub-fund may invest up to 30% of its net assets in China A-shares through the Shanghai-Hong Kong Stock Connect and up to 30% of its net assets in CAAPs. The sub-fund’s maximum exposure to China A-shares (through the Shanghai-Hong Kong Stock Connect or CAAP) and China B-shares is 40% of its net assets. The sub-fund will not invest more than 10% of its net assets in CAAPs issued by any single issuer of CAAPs.

The sub-fund normally invests across a range of market capitalisations without any capitalisation restriction.

The sub-fund will not invest more than 15% of its net assets in a combination of participation notes and convertible securities.

The sub-fund will not invest more than 10% of its net assets in REITs.

The sub-fund may invest up to 10% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).

The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the sub-fund may invest.

Mauritius Subsidiary

HSBC GIF Mauritius No.2 Limited, HSBC Centre, 18 Cyber City, Ebene, Mauritius (the “Subsidiary”) is a Mauritius company wholly-owned by the Company.

The investment objectives of the Subsidiary are in line with those of Global Emerging Markets Equity (i.e. investments in equities and equity equivalent securities of companies which are domiciled in India) and the Subsidiary will apply the Company’s investment restrictions as outlined in this Explanatory Memorandum.

The Subsidiary was incorporated in Mauritius on 21 November 2007. It is wholly-owned by the Company. It will issue ordinary Shares and redeemable preference Shares only to the Company’s Global Emerging Markets Equity sub-fund. The Subsidiary is registered with the Financial Services Commission and has obtained a certificate of tax residency from the Mauritius Revenue Authority in Mauritius (Please refer to the section headed “Taxation”).

The directors of the Subsidiary are responsible, inter alia, for establishing the investment objectives and policy of the Subsidiary, for monitoring the Subsidiary’s investments and performance and for providing advisory services to the exclusive benefit of the Company, including in relation to massive redemptions in the sub-fund.

The Subsidiary has appointed CIM Fund Services, Rogers House, 5 President John Kennedy Street, Port Louis, Mauritius, to provide administrative services to the Subsidiary in Mauritius, including maintenance of its accounts, books and records. The Subsidiary has appointed KPMG Mauritius of KPMG Centre, 30 St George Street, Port Louis, Mauritius, as auditors of the Subsidiary in Mauritius to perform the auditor’s duties required by Mauritius law.

The Subsidiary has appointed the Depository Bank as custodian over its assets. The Company has appointed HSBC Bank (Mauritius), a bank incorporated under the laws of Mauritius and a wholly owned subsidiary of The Hong Kong and Shanghai Banking Corporation Limited, and duly licensed to do business in Mauritius, and having an office at HSBC Centre, 18 Cybercity, Ebene, Mauritius, for the remittance of all cash and currency of the Subsidiary for the purpose of inward investment into India by the Subsidiary and in respect of remittances from such investments.

The Company and the Subsidiary shall issue consolidated accounts.

Until the Effective Date of Change

The sub-fund seeks long term capital growth by investing primarily in a well-diversified portfolio of investments in equity and equity equivalent securities issued by companies which have their registered office in, and with an official listing in, an Emerging Market, as well as companies which carry out a preponderant part of their economic activities in Emerging Markets.

The sub-fund will seek to invest primarily in securities listed on a Regulated Market, but may also invest up to 10% of the sub-fund's net assets in securities listed on markets that are not Regulated Markets. Investment in interest bearing securities is also permitted either for short-term cash surpluses or in response to unfavourable equity market conditions and this is limited to one third of the total assets of the sub-fund. Whilst there are no capitalisation restrictions, it is anticipated that the sub-fund will invest primarily in larger, established companies.

To the extent that the sub-fund may invest in India, the sub-fund intends to invest part of the net proceeds of the issue of Shares in HSBC GIF Mauritius No.2 Limited, HSBC Centre, 18 Cyber City, Ebene, Mauritius (the "Subsidiary") which is a Mauritius company wholly-owned by the Company. Under normal market conditions, that part of the net proceeds allocated to the Subsidiary will be invested substantially in Indian equities 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 India. The remainder of the net proceeds of the issue of Shares will be invested directly 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 Emerging Markets. The investment objectives of the Subsidiary are in line with those of Global Emerging Markets Equity to the extent the sub-fund may invest in India and the Subsidiary will apply the Company's investment restrictions as outlined in this Explanatory Memorandum.

The Subsidiary was incorporated in Mauritius on 21 November 2007. It is wholly-owned by the Company. It will issue ordinary Shares and redeemable preference Shares only to the Company's Global Emerging Markets Equity sub-fund. The Subsidiary is registered with the Financial Services Commission and has obtained a certificate of tax residency from the Mauritius Revenue Authority in Mauritius (Please refer to the "Taxation" section in this Explanatory Memorandum).

The directors of the Subsidiary are responsible, inter alia, for establishing the investment objectives and policy of the Subsidiary, for monitoring the Subsidiary's investments and performance and for providing advisory services to the exclusive benefit of the Company, including in relation to massive redemptions in the sub-fund.

The Subsidiary has appointed CIM Fund Services (previously known as Multiconsult Limited), Rogers House, 5 President John Kennedy Street, Port Louis, Mauritius, to provide administrative services to the Subsidiary in Mauritius, including maintenance of its accounts, books and records. The Subsidiary has appointed KPMG Mauritius of KPMG Centre, 30 St George Street, Port Louis, Mauritius, as auditors of the Subsidiary in Mauritius to perform the auditor's duties required by Mauritius law.

The Subsidiary has appointed the Depository Bank as custodian over its assets. The Company has appointed HSBC Bank (Mauritius), a bank incorporated under the laws of Mauritius and a wholly owned subsidiary of The Hong Kong and Shanghai Banking Corporation Limited, and duly licensed to do business in Mauritius, and having an office at HSBC Centre, 18 Cybercity, Ebene, Mauritius, for the remittance of all cash and currency of the Subsidiary for the purpose of inward investment into India by the Subsidiary and in respect of remittances from such investments.

The Company and the Subsidiary shall issue consolidated accounts.

- **Global Equity Dividend**

From the Effective Date of Change

The sub-fund invests for dividend yield whilst also maximising total return in a portfolio of equities worldwide.

The sub-fund aims to invest in a portfolio that offers a dividend yield above the MSCI All Country World Index.

The sub-fund invests in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of companies which are domiciled in, based in, or carry out their business activities in, any country including both developed markets, such as OECD countries, and Emerging Markets. **The sub-fund may also invest in eligible closed-ended Real Estate Investment Trusts ("REITs").**

Investments in Chinese equities include, but are not limited to, China A-shares and China B-shares (and such other securities as may be available) listed on stock exchanges in the People's Republic of China ("PRC"). The sub-fund may directly invest in China A-shares through the Shanghai-Hong Kong Stock Connect, subject to applicable quota limitations. Furthermore, the sub-fund may gain exposure to China A-shares indirectly through China A-shares Access Products ("CAAP") such as, but not limited to, participation notes linked to China A-shares.

The sub-fund may invest up to 10% of its net assets in China A-shares through the Shanghai-Hong Kong Stock Connect and up to 10% of its net assets in CAAPs. The sub-fund's maximum exposure to China A-shares (through the Shanghai-Hong Kong Stock Connect or CAAP) and China B-shares is 20% of its net assets. The sub-fund will not invest more than 10% of its net assets in CAAPs issued by any single issuer of CAAPs.

The sub-fund will not invest more than 10% of its net assets in REITS.

The sub-fund may invest up to 10% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).

The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the sub-fund may invest.

Until the Effective Date of Change

The sub-fund invests for dividend yield whilst also maximising total return in a diversified portfolio of global equities.

The sub-fund invests (normally a minimum of 90% of its net assets) in equities and equity equivalent securities of companies located or operating in any country, in both developed markets and Emerging Markets.

The sub-fund will invest in a portfolio of companies that offers a dividend yield above the market weighted average.

The sub-fund may invest up to 10% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).

The sub-fund does not currently intend to enter into securities lending.

The sub-fund may use financial derivative instruments for hedging purposes only.

- Global Equity Volatility Focused

From the Effective Date of Change

The sub-fund aims to provide long term total return by investing in a portfolio of equities worldwide.

The sub-fund invests in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of companies domiciled or operating in both developed markets, such as OECD countries, and Emerging Markets. **The sub-fund may also invest in eligible closed-ended Real Estate Investment Trusts ("REITs").** The sub-fund may invest the remaining assets in financial derivative instruments and/or temporarily in fixed income securities, money market instruments, cash instruments and cash.

The sub-fund aims for lower portfolio volatility relative to that of the MSCI All Country World Index through portfolio construction. The sub-fund uses portfolio optimisation to lower overall portfolio volatility by selecting a combination of lower volatility stocks and higher volatility stocks that are less correlated and thereby diversifying the portfolio. The sub-fund may rely on market research and quantitative analysis to estimate individual stock volatility and intra-stock correlation as part of its portfolio optimisation process.

Investments in Chinese equities include, but are not limited to, China A-shares and China B-shares (and such other securities as may be available) listed on stock exchanges in the People's Republic of China ("PRC"). The sub-fund may directly invest in China A-shares through the Shanghai-Hong Kong Stock Connect, subject to applicable quota limitations. Furthermore, the sub-fund may gain exposure to China A-shares indirectly through China A-shares Access Products ("CAAP") such as, but not limited to, participation notes linked to China A-shares.

The sub-fund may invest up to 10% of its net assets in China A-shares through the Shanghai-Hong Kong Stock Connect and up to 10% of its net assets in CAAPs. The sub-fund's maximum exposure to China A-shares (through the Shanghai-Hong Kong Stock Connect or CAAP) and China B-shares is 20% of its net assets. The sub-fund will not invest more than 10% of its net assets in CAAPs issued by any single issuer of CAAPs.

The sub-fund normally invests across a range of market capitalisations without any capitalisation restriction.

The sub-fund will not invest more than 10% of its net assets in a combination of participation notes and convertibles.

The sub-fund will not invest more than 10% of its net assets in securities issued by or guaranteed by any single sovereign issuer with a credit rating below Investment Grade.

The sub-fund will not invest more than 10% of its net assets in REITS.

The sub-fund may invest up to 10% of its net assets in units or shares of UCITs and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).

The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the sub-fund may invest.

Until the Effective Date of Change

The sub-fund aims to provide long term total return by investing in a portfolio of equities.

The sub-fund invests (normally a minimum 90% of its net assets) in equities and equity equivalent securities of companies domiciled or operating in both developed markets, such as OECD countries, and Emerging Markets. The sub-fund may invest the remaining assets in financial derivative instruments and/or temporarily in fixed income securities, money market instruments, cash instruments and cash.

The sub-fund aims for lower portfolio volatility relative to that of the MSCI All Country World Index through portfolio construction. The sub-fund uses portfolio optimisation to lower overall portfolio volatility by selecting a combination of lower volatility stocks and higher volatility stocks that are less correlated and thereby diversifying the portfolio. The sub-fund may rely on market research and quantitative analysis to estimate individual stock volatility and intra-stock correlation as part of its portfolio optimisation process.

The sub-fund normally invests across a range of market capitalisations without any capitalisation restriction.

The sub-fund will not invest more than 10% of its net assets in a combination of participation notes and convertibles.

The sub-fund will invest in China through H shares.

The sub-fund will not invest more than 10% of its net assets in securities issued by or guaranteed by any single sovereign issuer with a credit rating below Investment Grade.

The sub-fund may enter into securities lending transactions for up to 30% of its net assets. The sub-fund will not enter into repurchase or reverse repurchase transactions.

The sub-fund may achieve its investment objective by investing in financial derivative instruments. However, the sub-fund does not intend to invest in financial derivative instruments extensively for investment purposes, including cash flow management (i.e. Equitisation) and their primary use will be for hedging purposes.

Financial derivative instruments that the sub-fund may use include, but are not limited to, foreign exchange forwards (including non-deliverable forwards) and on-exchange traded index futures. Financial derivative instruments may also be embedded in other instruments used by the sub-fund (for example, participation notes and convertibles).

- **Hong Kong Equity**

From the Effective Date of Change

The sub-fund aims to provide long term capital growth by investing in a portfolio of Hong Kong equities.

The sub-fund invests in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of companies which are domiciled in, based in, carry out the larger part of their business activities, or are listed on a Regulated Market, in Hong Kong SAR.

Investments in Chinese equities include, but are not limited to, China A-shares and China B-shares (and such other securities as may be available) listed on stock exchanges in the People's Republic of China ("PRC"). The sub-fund may directly invest in China A-shares through the Shanghai-Hong Kong Stock Connect, subject to applicable quota limitations. Furthermore, the sub-fund may gain exposure to China A-shares indirectly through China A-shares Access Products ("CAAP") such as, but not limited to, participation notes linked to China A-shares.

The sub-fund may invest up to 10% of its net assets in China A-shares through the Shanghai-Hong Kong Stock Connect and up to 10% of its net assets in CAAPs. The sub-fund's maximum exposure to China A-shares (through the Shanghai-Hong Kong Stock Connect or CAAP) and China B-shares is 20% of its net assets. The sub-fund will not invest more than 10% of its net assets in CAAPs issued by any single issuer of CAAPs.

The sub-fund normally invests across a range of market capitalisations without any capitalisation restriction.

The sub-fund may invest up to 10% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).

The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the sub-fund may invest.

Until the Effective Date of Change

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 Hong Kong SAR as well as those companies which carry out a preponderant part of their business activities in Hong Kong SAR.

Whilst there are no capitalisation restrictions, it is anticipated that the sub-fund will seek to invest primarily in larger, established companies.

- **Indian Equity**

From the Effective Date of Change

The sub-fund aims to provide long-term total return by investing in a portfolio of Indian equities.

The sub-fund invests, in normal market conditions, a minimum of 90% of its net assets in equities and equity equivalent securities of companies which are domiciled in, based in, or carry out the larger part of their business activities in, India.

When making new investments or reallocating the portfolio, the sub-fund will invest directly in equities and equity equivalent securities of companies which are domiciled in India and the sub-fund will no longer increase its holdings in the Subsidiary (as defined below). Holdings in the Subsidiary may decrease. During a transitional period, which is expected to begin in May 2016 and to be completed by the end of October 2016, the sub-fund will divest its holdings in the Subsidiary in order to reinvest these assets directly.

The sub-fund normally invests across a range of market capitalisations.

The sub-fund will not invest more than 30% of its net assets in a combination of participation notes and convertible securities.

The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the sub-fund may invest.

Mauritius Subsidiary

HSBC GIF Mauritius Limited, HSBC Centre, 18 Cyber City, Ebene, Mauritius (the “Subsidiary”) is a Mauritian company wholly-owned by the Company.

The investment objectives of the Subsidiary are in line with those of Indian Equity (i.e. investments in equities and equity equivalent securities of companies which are domiciled in India) and the Subsidiary will apply the Company’s investment restrictions as outlined in this Explanatory Memorandum.

The Subsidiary was incorporated in Mauritius on 3 October 1995. It is wholly-owned by the Company. It will issue ordinary Shares and redeemable preference Shares only to the Company’s Indian Equity fund. The Subsidiary is registered with the Mauritius Financial Services Commission and has obtained a certificate of tax residency from the Mauritius Revenue Authority in Mauritius (Please refer to the section headed “Taxation”).

The directors of the Subsidiary are responsible, *inter alia*, for establishing the investment objectives and policy of the Subsidiary, for monitoring the Subsidiary’s investments and performance and for providing advisory services to the exclusive benefit of the Company, including in relation to massive redemptions in the sub-fund.

The Subsidiary has appointed CIM Fund Services, Rogers House, 5 President John Kennedy Street, Port Louis, Mauritius, to provide administrative services to the Subsidiary in Mauritius, including maintenance of its accounts, books and records. The Subsidiary has appointed KPMG Mauritius of KPMG Centre, 30 St George Street, Port Louis, Mauritius, as auditors of the Subsidiary in Mauritius to perform the auditor’s duties required by Mauritius law.

The Subsidiary has appointed the Depository Bank as custodian over its assets. The Company has appointed HSBC Bank (Mauritius) Limited, a bank incorporated under the laws of Mauritius and a wholly owned subsidiary of the Hong Kong and Shanghai Banking Corporation Limited, and duly licensed to do business in Mauritius, and having an office at HSBC Centre, 18 Cybercity, Ebene, Mauritius, for the remittance of all cash and currency of the Subsidiary for the purpose of inward investment into India by the Subsidiary and in respect of remittances from such investments.

The Company and the Subsidiary shall issue consolidated accounts.

Until the Effective Date of Change

The sub-fund seeks long-term capital growth by investing primarily in a 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 India, as well as those companies which carry out a preponderant part of their business activities in India. Whilst there are no capitalisation restrictions, it is anticipated that the sub-fund will seek to invest across a range of market capitalisations with a bias to medium and large companies.

The sub-fund intends to invest part or all of the net proceeds of the issue of Shares in HSBC GIF Mauritius Limited, HSBC Centre, 18 Cyber City, Ebene, Mauritius (the “Subsidiary”) which is a Mauritian company wholly-owned by the Company. Under normal market conditions, the Subsidiary will invest substantially all of its assets in Indian equities 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 India.

The remainder of the net proceeds of the issue of Shares will be invested directly 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 India. The investment objectives of the Subsidiary are in line with those of Indian Equity and the Subsidiary will apply the Company’s investment restrictions as outlined in this Explanatory Memorandum.

The Subsidiary was incorporated in Mauritius on 3 October 1995. It is wholly-owned by the Company. It will issue ordinary Shares and redeemable preference Shares only to the Company’s Indian Equity fund. The Subsidiary is registered with the Mauritius Financial Services Commission and has obtained a certificate of tax residency from the Mauritius Revenue Authority in Mauritius (Please refer to the section headed “Taxation”).

The directors of the Subsidiary are responsible, *inter alia*, for establishing the investment objectives and policy of the Subsidiary, for monitoring the Subsidiary’s investments and performance and for providing advisory services to the exclusive benefit of the Company, including in relation to massive redemptions in the sub-fund.

The Subsidiary has appointed CIM Fund Services (previously known as Multiconsult Limited), Rogers House, 5 President John Kennedy Street, Port Louis, Mauritius, to provide administrative services to the Subsidiary in Mauritius, including maintenance of its accounts, books and records. The Subsidiary has appointed KPMG Mauritius of KPMG Centre, 30 St George Street, Port Louis, Mauritius, as auditors of the Subsidiary in Mauritius to perform the auditor's duties required by Mauritius law.

The Subsidiary has appointed the Depository Bank as custodian over its assets. The Company has appointed HSBC Bank (Mauritius) Limited, a bank incorporated under the laws of Mauritius and a wholly owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited, and duly licensed to do business in Mauritius, and having an office at HSBC Centre, 18 Cybercity, Ebene, Mauritius, for the remittance of all cash and currency of the Subsidiary for the purpose of inward investment into India by the Subsidiary and in respect of remittances from such investments.

The Company and the Subsidiary shall issue consolidated accounts.

- **Managed Solutions – Asia Focused Conservative**

From the Effective Date of Change

The sub-fund invests for long term total return through an active asset allocation in a diversified portfolio of fixed income and equity securities as well as money market and cash instruments.

The sub-fund will normally invest a minimum of 70% of its net assets in Asian (including Asia Pacific and excluding Japan) based assets in both fixed income and equity markets including, but not limited to Asia Pacific (excluding Japan) equities, sovereign bonds and corporate bonds. The sub-fund may also invest in other non-Asian based assets such as global emerging market bonds, US Treasuries and **eligible closed-ended Real Estate Investment Trusts ("REITs")**. Exposure to these assets may be achieved through direct investments and/or investments in units or shares of UCITS and/or other Eligible UCIs.

The sub-fund will invest in Investment Grade, Non-Investment Grade and unrated fixed income securities issued or guaranteed by governments, government agencies or supranational bodies worldwide or companies in both developed and Emerging Markets. The sub-fund will not invest more than 10% of its net assets in securities issued by or guaranteed by any single sovereign issuer with a credit rating below Investment Grade.

The sub-fund will also invest in equity and equity equivalent securities. Such securities will predominantly be listed securities that are selected based on their market capitalisation, sector, country and stock valuation. There are no capitalisation restrictions, and the sub-fund will normally invest across a range of market capitalisations.

Investments in Chinese equities include, but are not limited to, China A-shares and China B-shares (and such other securities as may be available) listed on stock exchanges in the People's Republic of China ("PRC"). The sub-fund may directly invest in China A-shares through the Shanghai-Hong Kong Stock Connect, subject to applicable quota limitations. Furthermore, the sub-fund may gain exposure to China A-shares indirectly through China A-shares Access Products ("CAAP") such as, but not limited to, participation notes linked to China A-shares.

The sub-fund may invest up to 15% of its net assets in China A-shares through the Shanghai-Hong Kong Stock Connect and up to 15% of its net assets in CAAPs. The sub-fund's maximum exposure to China A-shares (through the Shanghai-Hong Kong Stock Connect or CAAP) and China B-shares is 15% of its net assets. The sub-fund will not invest more than 10% of its net assets in CAAPs issued by any single issuer of CAAPs.

The sub-fund will not invest more than 10% of its net assets in REITs.

The sub-fund may invest up to 10% of its net assets in contingent convertible securities, however this is not expected to exceed 5%.

The sub-fund may invest up to 50% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).

The asset allocation may change over time depending on the Investment Adviser's view on market opportunities.

The sub-fund will normally be exposed to currencies of Asia Pacific (excluding Japan) countries as well as other emerging and developed market currencies.

The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the sub-fund may invest (for example, units or shares of UCITS and/or other Eligible UCIs).

Asset Class Exposure Limits

For the specific group of asset classes described in the table below, the sub-fund will have a total maximum exposure limit as follows:

Asset classes*	Maximum exposure
Equity	30%
Fixed Income, including Bonds, Money Market instruments, other Fixed Income instruments and Cash**	100%
Others, including real estate	30%

* Exposure to these asset classes may be achieved through direct investments and/or investment in units or shares of UCITS and/or other Eligible UCIs.

** The aggregate exposure to money market instruments and cash will be less than 30% of the sub-fund's net assets.

The Investment Adviser will seek to maximize the portfolio's risk-adjusted expected long term total return by investing in a diversified portfolio of fixed income and equity securities as well as money market and cash instruments. Exposure to each asset class will be determined by taking into account valuation, risk and liquidity. In principle, the Investment Adviser will overweight asset classes with the most attractive growth prospects and underweight those that appear as overvalued, by taking into account the risk profile. Asset allocation to various asset classes will be managed with a view to grow capital throughout a market cycle. The sub-fund will remain diversified to maintain a balance between risk and return. Within each asset class, the Investment Adviser seeks to add further value through security selection.

Until the Effective Date of Change

The sub-fund invests for long term total return through an active asset allocation in a diversified portfolio of fixed income and equity securities as well as money market and cash instruments. The sub-fund will normally invest a minimum of 70% of its net assets in Asian (including Asia Pacific and excluding Japan) based assets in both fixed income and equity markets including, but not limited to Asia Pacific (excluding Japan) equities, sovereign bonds and corporate bonds. The sub-fund may also invest in other non-Asian based assets such as global emerging market bonds and US Treasuries. Exposure to these assets may be achieved through direct investments and/or investments in units or shares of UCITS and/or other Eligible UCIs.

The sub-fund will invest in Investment Grade, Non-Investment Grade and unrated fixed income securities issued or guaranteed by governments, government agencies or supranational bodies worldwide or companies in both developed and Emerging Markets. The sub-fund will not invest more than 10% of its net assets in securities issued by or guaranteed by any single sovereign issuer with a credit rating below Investment Grade.

The sub-fund will also invest in equity and equity equivalent securities. Such securities will predominantly be listed securities that are selected based on their market capitalisation, sector, country and stock valuation. There are no capitalisation restrictions, and the sub-fund will normally invest across a range of market capitalisations.

The sub-fund may invest up to 50% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).

The asset allocation may change over time depending on the Investment Adviser's view on market opportunities.

The sub-fund will normally be exposed to currencies of Asia Pacific (excluding Japan) as well as other emerging and developed market currencies.

The sub-fund may use financial derivative instruments for hedging purposes only. However, the sub-fund may also invest in units or shares of UCITS and/or other Eligible UCIs which may use financial derivative instruments for investment and/or hedging purposes.

Asset Class Exposure Limits

For the specific group of asset classes described in the table below, the sub-fund will have a total maximum exposure limit as follows:

Asset classes*	Maximum exposure
Equity	30%
Fixed Income, including Bonds, Money Market instruments, other Fixed Income instruments and Cash	100%

* Exposure to these asset classes may be achieved through direct investments and/or investment in units or shares of UCITS and/or other Eligible UCIs.

The Investment Adviser will seek to maximize the portfolio's risk-adjusted expected long term total return by investing in a diversified portfolio of fixed income and equity securities as well as money market and cash instruments. Exposure to each asset class will be determined by taking into account valuation, risk and liquidity. In principle, the Investment Adviser will overweight asset classes with the most attractive growth prospects and underweight those that appear as overvalued, by taking into account the risk profile. Asset allocation to various asset classes will be managed with a view to grow capital throughout a market cycle. The sub-fund will remain diversified to maintain a balance between risk and return. Within each asset class, the Investment Adviser seeks to add further value through security selection.

- **Managed Solutions – Asia Focused Growth**

From the Effective Date of Change

The sub-fund invests for long term total return through an active asset allocation in a diversified portfolio of equity and fixed income securities as well as money market and cash instruments.

The sub-fund will normally invest a minimum of 70% of its net assets in Asian (including Asia Pacific and excluding Japan) based assets in both equity and fixed income markets including, but not limited to Asia Pacific (excluding Japan) equities, sovereign bonds and corporate bonds. The sub-fund may also invest in other non-Asian based assets such as global developed and emerging market equities, US Treasuries and eligible closed-ended Real Estate Investment Trusts (“REITs”). Exposure to these assets may be achieved through direct investments and/or investments in units or shares of UCITS and/or other Eligible UCIs.

The sub-fund will invest in equity and equity equivalent securities. Such securities will predominantly be listed securities that are selected based on their market capitalisation, sector, country and stock valuation. There are no capitalisation restrictions, and the sub-fund will normally invest across a range of market capitalisations.

Investments in Chinese equities include, but are not limited to, China A-shares and China B-shares (and such other securities as may be available) listed on stock exchanges in the People's Republic of China (“PRC”). The sub-fund may directly invest in China A-shares through the Shanghai-Hong Kong Stock Connect, subject to applicable quota limitations. Furthermore, the sub-fund may gain exposure to China A-shares indirectly through China A-shares Access Products (“CAAP”) such as, but not limited to, participation notes linked to China A-shares.

The sub-fund may invest up to 30% of its net assets in China A-shares through the Shanghai-Hong Kong Stock Connect and up to 30% of its net assets in CAAPs. The sub-fund's maximum exposure to China A-shares (through the Shanghai-Hong Kong Stock Connect or CAAP) and China B-shares is 50% of its net assets. The sub-fund will not invest more than 10% of its net assets in CAAPs issued by any single issuer of CAAPs.

The sub-fund will also invest in Investment Grade, Non-Investment Grade and unrated fixed income securities issued or guaranteed by governments, government agencies or supranational bodies worldwide or companies in both developed and Emerging Markets. The sub-fund will not invest more than 10% of its net assets in securities issued by or guaranteed by any single sovereign issuer with a credit rating below Investment Grade.

The sub-fund will not invest more than 10% of its net assets in REITs.

The sub-fund may invest up to 10% of its net assets in contingent convertible securities, however this is not expected to exceed 5%.

The sub-fund may invest up to 50% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).

The asset allocation may change over time depending on the Investment Adviser's view on market opportunities.

The sub-fund will normally be exposed to currencies of Asia Pacific (excluding Japan) countries as well as other emerging and developed market currencies.

The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the sub-fund may invest (for example, units or shares of UCITS and/or other Eligible UCIs).

Asset Class Exposure Limits

For the specific group of asset classes described in the table below, the sub-fund will have a total maximum exposure limit as follows:

Asset classes*	Maximum exposure
Equity	100%
Fixed Income, including Bonds, Money Market instruments, other Fixed Income instruments and Cash**	50%
Others, including real estate	30%

* Exposure to these asset classes may be achieved through direct investments and/or investment in units or shares of UCITS and/or other Eligible UCIs.

**The aggregate exposure to money market instruments and cash will be less than 30% of the sub-fund's net assets.

The Investment Adviser will seek to maximize the portfolio's risk-adjusted expected return in investing in a diversified portfolio of bonds, equity and currency. Exposure to each asset class will be determined taking into account valuation, risk and liquidity. In principle, we will mainly focus on overweighing asset classes with the most attractive growth prospects and underweighing those that appear as overvalued. Asset allocation to various asset classes will be managed with a view to grow capital throughout a market cycle. The sub-fund will remain diversified among different asset classes to maintain a balance between risk and return. Within each asset class, the Investment Adviser seeks to add further value through security selection.

Until the Effective Date of Change

The sub-fund invests for long term total return through an active asset allocation in a diversified portfolio of equity and fixed income securities as well as money market and cash instruments. The sub-fund will normally invest a minimum of 70% of its net assets in Asian (including Asia Pacific and excluding Japan) based assets in both equity and fixed income markets including, but not limited to Asia Pacific (excluding Japan) equities, sovereign bonds, and corporate bonds. The sub-fund may also invest in other non-Asian based assets such as global developed and emerging market equities, US Treasuries and global closed-ended REITs. Exposure to these assets may be achieved through direct investments and/or investments in units or shares of UCITS and/or other Eligible UCIs.

The sub-fund will invest in equity and equity equivalent securities. Such securities will predominantly be listed securities that are selected based on their market capitalisation, sector, country and stock valuation. There are no capitalisation restrictions, and the sub-fund will normally invest across a range of market capitalisations.

The sub-fund will also invest in Investment Grade, Non-Investment Grade and unrated fixed income securities issued or guaranteed by governments, government agencies or supranational bodies worldwide or companies in both developed and Emerging Markets. The sub-fund will not invest more than 10% of its net assets in securities issued by or guaranteed by any single sovereign issuer with a credit rating below Investment Grade.

The sub-fund may invest up to 50% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).

The asset allocation may change over time depending on the Investment Adviser's view on market opportunities.

The sub-fund will normally be exposed to currencies of Asia Pacific (excluding Japan) countries as well as other emerging and developed market currencies.

The sub-fund may use financial derivative instruments for hedging purposes only. However, the sub-fund may also invest in units or shares of UCITS and/or other Eligible UCIs which may use financial derivative instruments for investment and/or hedging purposes.

Asset Class Exposure Limits

For the specific group of asset classes described in the table below, the sub-fund will have a total maximum exposure limit as follows:

Asset classes*	Maximum exposure
Equity	100%
Fixed Income, including Bonds, Money Market instruments, other Fixed Income instruments and Cash	50%
Others, including Real Estate	30%

* Exposure to these asset classes may be achieved through direct investments and/or investment in units or shares of UCITS and/or other Eligible UCIs.

The Investment Adviser will seek to maximize the portfolio's risk-adjusted expected return in investing in a diversified portfolio of bonds, equity and currency. Exposure to each asset class will be determined taking into account valuation, risk and liquidity. In principle, the Investment Adviser will mainly focus on overweighting asset classes with the most attractive growth prospects and underweighting those that appear as overvalued. Asset allocation to various asset classes will be managed with a view to grow capital throughout a market cycle. The sub-fund will remain diversified among different asset classes to maintain a balance between risk and return. Within each asset class, the Investment Adviser seeks to add further value through security selection.

- **Managed Solutions – Asia Focused Income**

From the Effective Date of Change
<p>The sub-fund invests for income and moderate capital growth through an active asset allocation in a diversified portfolio of fixed income and equity securities as well as money market and cash instruments.</p> <p>The sub-fund will normally invest a minimum of 70% of its net assets in Asian (including Asia Pacific and excluding Japan) based income oriented assets in both fixed income and equity markets including, but not limited to corporate bonds, sovereign bonds and higher yielding equities. The sub-fund may also invest in other non-Asian based assets such as global emerging market bonds, US Treasuries and eligible closed-ended Real Estate Investment Trusts (“REITs”). Exposure to these assets may be achieved through direct investments and/or investments in units or shares of UCITS and/or other Eligible UCIs.</p> <p>The sub-fund will invest in Investment Grade, Non-Investment Grade and unrated fixed income securities issued or guaranteed by governments, government agencies or supranational bodies worldwide or companies in both developed and Emerging Markets.</p> <p>The sub-fund will also invest in equity and equity equivalent securities, particularly those that offer above average dividend yields and/or the potential for sustainable dividend growth.</p> <p>Investments in Chinese equities include, but are not limited to, China A-shares and China B-shares (and such other securities as may be available) listed on stock exchanges in the People's Republic of China (“PRC”). The sub-fund may directly invest in China A-shares through the Shanghai-Hong Kong Stock Connect, subject to applicable quota limitations. Furthermore, the sub-fund may gain exposure to China A-shares indirectly through China A-shares Access Products (“CAAP”) such as, but not limited to, participation notes linked to China A-shares.</p> <p>The sub-fund may invest up to 25% of its net assets in China A-shares through the Shanghai-Hong Kong Stock Connect and up to 25% of its net assets in CAAPs. The sub-fund's maximum exposure to China A-shares (through the Shanghai-Hong Kong Stock Connect or CAAP) and China B-shares is 25% of its net assets. The sub-fund will not invest more than 10% of its net assets in CAAPs issued by any single issuer of CAAPs.</p>

The sub-fund will not invest more than 10% of its net assets in REITs.

The sub-fund may invest up to 10% of its net assets in contingent convertible securities, however this is not expected to exceed 5%.

The sub-fund may invest up to 50% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of the HSBC Global Investment Funds).

The asset allocation may change over time depending on the Investment Adviser's view on market opportunities.

The sub-fund will normally be exposed to currencies of Asia Pacific (excluding Japan) countries as well as other emerging and developed markets currencies.

The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the sub-fund may invest (for example, units or shares of UCITS and/or other Eligible UCIs).

Asset Class Exposure Limits

For the specific group of asset classes described in the table below, the sub-fund will have a total maximum exposure limit as follows:

Asset classes*	Maximum exposure
Equity	50%
Fixed Income, including Bonds, Money Market instruments, other Fixed Income instruments and Cash**	100%
Others, including real estate	30%

* Exposure to these asset classes may be achieved through direct investments and/or investment in units or shares of UCITS and/or other Eligible UCIs.

**The aggregate exposure to money market instruments and cash will be less than 30% of the sub-fund's net assets.

Asset allocation to different income oriented assets will be managed to maximize the sub-fund's risk-adjusted yield and total return. Exposure to each asset class will be determined based on its level of expected yield premium (i.e. its yield above cash rate), risk and liquidity. In principle, the higher the risk-adjusted yield premium, the higher the exposure to such asset classes. Asset allocation will vary over market cycles as both the yield and risks of different asset classes evolve. The sub-fund will remain diversified among different asset classes to maintain a balance between risk, return and income. Within each asset class, the Investment Adviser seeks to add further value through security selection.

Until the Effective Date of Change

The sub-fund invests for income and moderate capital growth through an active asset allocation in a diversified portfolio of fixed income and equity securities as well as money market and cash instruments. The sub-fund will normally invest a minimum of 70% of its net assets in Asian ex-Japan based income oriented assets in both fixed income and equity markets including, but not limited to corporate bonds, sovereign bonds and higher yielding equities. The sub-fund may also invest in other non-Asian based assets such as global emerging market bonds, US Treasuries and global closed-ended REITs. Exposure to these assets may be achieved through direct investments and/or investments in units or shares of UCITS and/or other Eligible UCIs.

The sub-fund will invest in Investment Grade, Non-Investment Grade and unrated fixed income securities issued or guaranteed by governments, government agencies or supranational bodies worldwide or companies in both developed and Emerging Markets.

The sub-fund will also invest in equity and equity equivalent securities, particularly those that offer above average dividend yields and/or the potential for sustainable dividend growth.

The sub-fund may invest up to 50% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).

The asset allocation may change over time depending on the Investment Adviser's view on market opportunities.

The sub-fund will normally be exposed to currencies of Asian and Emerging Markets countries and USD.

The sub-fund may use financial derivative instruments for hedging purposes only. However, the sub-fund may also invest in units or shares of UCITS and/or other Eligible UCIs which may use financial derivative instruments for investment and/or hedging purposes.

Asset Class Exposure Limits

For the specific group of asset classes described in the table below, the sub-fund will have a total maximum exposure limit as follows:

Asset classes*	Maximum exposure
Equity	50%
Fixed Income, including Bonds, Money Market instruments, other Fixed Income instruments and Cash	100%
Others, including Real Estate	30%

* Exposure to these asset classes may be achieved through direct investments and/or investment in units or shares of UCITS and/or other Eligible UCIs.

Asset allocation to different income oriented assets will be managed to maximize the sub-fund's risk-adjusted yield and total return. Exposure to each asset class will be determined based on its level of expected yield premium (i.e. its yield above cash rate), risk and liquidity. In principle, the higher the risk-adjusted yield premium, the higher the exposure to such asset classes. Asset allocation will vary over market cycles as both the yield and risks of different asset classes evolve. The sub-fund will remain diversified among different asset classes to maintain a balance between risk, return and income. Within each asset class, the Investment Adviser seeks to add further value through security selection.

► **Risks associated with Shanghai-Hong Kong Stock Connect**

In addition to the risks associated with the Chinese market and risks related to investments in RMB as set out in the Explanatory Memorandum, investments through the Stock Connect are subject to additional risks, namely, quota limitations, suspension risk, operational risk, restrictions on selling imposed by front-end monitoring, recalling of eligible stocks, clearing and settlement risks, nominee arrangements in holding China A-shares and regulatory risk.

(a) Quota Limitations

The Stock Connect is subject to quota limitations on investments, which may restrict the relevant sub-funds' ability to invest in China A-shares through the Stock Connect on a timely basis, and these sub-funds may not be able to effectively pursue their investment policies.

(b) Suspension Risk

Both the Stock Exchange of Hong Kong Limited ("SEHK") and SSE reserve the right to suspend trading if necessary for ensuring an orderly and fair market and managing risks prudently which could adversely affect the relevant sub-funds' ability to invest in China A-shares or access the PRC market. In such event, the sub-fund's ability to achieve its investment objective could be negatively affected. Consent from the relevant regulator would be sought before a suspension is triggered.

(c) Differences in Trading Day

The Stock Connect only operates on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. There may be occasions when it is a normal trading day for the PRC market but Hong Kong investors (such as the sub-funds) cannot carry out any China A-shares trading; the sub-funds may be subject to a risk of price fluctuations in China A-shares during the time when the Stock Connect is not trading, as a result.

(d) Restrictions on Selling Imposed by Front-End Monitoring

PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise SSE will reject the sell order concerned. SEHK will carry out pre-trade checking on China A-shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

Generally, if a sub-fund desires to sell certain China A-shares it holds, it will be required to transfer those China A-shares to the respective accounts of its brokers before the market opens on the day of selling (“trading day”) unless its brokers can otherwise confirm that the sub-fund has sufficient shares in its account. If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement, a sub-fund may not be able to dispose of holdings of China A-shares in a timely manner.

(e) Recalling of Eligible Stocks

When a stock is recalled from the scope of eligible stocks for trading via Stock Connect, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of a sub-fund, for example, when the Management Company wishes to purchase a stock which is recalled from the scope of eligible stocks.

(f) Clearing Settlement and Custody Risks

The Hong Kong Securities Clearing Company Limited (“HKSCC”), a wholly-owned subsidiary of HKEx, and ChinaClear has established the clearing links and each will become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC’s liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear’s liquidation. In that event, the relevant sub-fund(s) may suffer delay in the recovery process or may not be able to fully recover its/their losses from ChinaClear.

The China A-shares traded through Shanghai-Hong Kong Stock Connect are issued in scripless form, therefore investors, such as the relevant sub-funds, will not hold any physical China A-shares. Hong Kong and overseas investors, such as the sub-funds, who have acquired SSE Securities through Northbound trading should maintain the SSE Securities with their brokers’ or custodians’ stock accounts with CCASS. Further information on the custody set-up relating to the Stock Connect is available upon request at the registered office of the Company.

(g) Operational Risk

The Stock Connect provides a new channel for investors from Hong Kong and overseas, such as the sub-funds, to access the China stock market directly. The Stock Connect is based on the correct functioning of the operational systems of the relevant market participants. Market participants are able to participate in this program subject to meeting certain information technology capabilities, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

It should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the trial program to operate, market participants may need to address issues arising from the differences on an on-going basis.

The “connectivity” in the Stock Connect program requires routing of orders cross-border. This required the development of new information technology systems on the part of the SEHK and exchange participants (i.e. a new order routing system (“China Stock Connect System”) to be set up by SEHK to which exchange participants need to connect). There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the program could be disrupted and the relevant sub-funds’ ability to access the China A-Share market (and hence to pursue their investment strategy) may be adversely affected.

(h) Nominee Arrangements in Holding China A-Shares

HKSCC is the “nominee holder” of the SSE securities acquired by overseas investors (including the relevant sub-fund(s)) through the Stock Connect. The CSRC Stock Connect rules expressly provide that investors such as the sub-funds enjoy the rights and benefits of the SSE securities acquired through the Stock Connect in accordance with applicable laws. However, the courts in the PRC may consider that any nominee or custodian as registered holder of SSE securities would have full ownership thereof, and that, even if the concept of beneficial owner is recognised under PRC law, those SSE securities would form part of the pool of assets of such entity available for distribution to creditors of such entities and/or that a beneficial owner may have no rights whatsoever in respect thereof. Consequently, the Company, the Management Company and the Depository Bank cannot ensure that the sub-fund’s ownership of these securities or title is guaranteed in all circumstances.

Under the rules of the Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on SEHK, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of the SSE securities in the PRC or elsewhere. Therefore, although the relevant sub-funds’ ownership may be ultimately recognised, these sub-funds may suffer difficulties or delays in enforcing their rights in China A-shares.

To the extent that HKSCC is deemed to be performing safekeeping functions with respect to assets held through it, it should be noted that the Company, the Management Company and the Depository Bank will have no legal relationship with HKSCC and no direct legal recourse against HKSCC in the event that a sub-fund suffers losses resulting from the performance or insolvency of HKSCC.

(i) Investor Compensation

Investments of the relevant sub-funds through Northbound trading under the Stock Connect will not be covered by Hong Kong’s Investor Compensation Fund. Hong Kong’s Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong.

Default in Northbound trading via the Stock Connect do not involve products listed or traded in SEHK or Hong Kong Futures Exchange Limited, therefore they will not be covered by the Investor Compensation Fund. The relevant sub-funds are not protected by the China Securities Investor Protection Fund in the PRC, since they place orders on the Northbound Trading Link through securities brokers in Hong Kong but not PRC brokers.

(j) Trading Costs

In addition to certain fees charged by the HKSCC, the relevant sub-fund will be required to pay additional fees relating to Northbound trades such as handling fee, securities management fee, transfer fee as a result of trading of China A-shares via the Stock Connect.

Hong Kong and overseas investors are required to pay stamp duty arising from the sale and purchase of SSE Securities and the transfer of SSE Securities by way of succession and gift in accordance with existing taxation rules in the PRC. The relevant sub-fund will be subject to PRC stamp duty on the contract for the sales of A-Shares and B-Shares traded on the PRC stock exchanges. Such stamp duty is currently imposed on the seller but not the purchaser, at the rate of 0.1%.

(k) Regulatory Risk

The CSRC Stock Connect rules are regulations with legal effect in the PRC. However, the application of such rules is untested, there is no certainty as to how they will be applied, and their application may have retrospective effects. There is no assurance that PRC courts will recognise such rules, e.g. in liquidation proceedings of PRC companies. There can be no assurance that the Stock Connect will not be abolished. The relevant sub-funds which may invest in the PRC markets through Stock Connect may be adversely affected as a result of such changes.

The Stock Connect is subject to regulations promulgated by regulatory authorities and implementation rules issued by the stock exchanges in the PRC and Hong Kong. New regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement related to cross-border trades under the Stock Connect.

(l) PRC tax consideration

There is a possibility that the current tax laws, rules, regulations and practice in mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective

effect. Any increased tax liabilities on the relevant sub-fund may adversely affect the sub-fund's net assets.

Investments in China A-shares via Stock Connect

On 14 November 2014, the PRC Ministry of Finance, State of Administration of Taxation and CSRC jointly published a notice in relation to the taxation rule on the Stock Connect under Caishui [2014] No.81 ("Notice No.81"). Under Notice No.81, Corporate income tax, individual income tax and business tax will be temporarily exempted on gains derived by Hong Kong and overseas investors (such as the sub-funds) on the trading of China A-shares through Stock Connect with effect from 17 November 2014. However, Hong Kong and overseas investors (such as the sub-funds) are required to pay tax on dividends and/or bonus shares at the rate of 10% which will be withheld and paid to the relevant authority by the listed companies.

Based on Notice No. 81 and based on professional and independent tax advice, the sub-funds should be temporarily exempted on gross realized or unrealized capital gains derived from trading of China A-shares via Stock Connect and hence, will not make provision for such gains.

Investments in China A-shares via CAAPs

On 14 November 2014, the PRC Ministry of Finance, State of Administration of Taxation and CSRC jointly published a notice in relation to the taxation rule on QFII and RQFII under Caishui [2014] No.79 ("Notice No.79"). Under Notice No.79, (i) Corporate income tax, will be temporarily exempted on gains derived by QFIIs and RQFIIs from the transfer of domestic shares and other equity interest investment in China with effect from 17 November 2014; and (ii) corporate income tax shall be imposed on such gains earned by QFIIs and RQFIIs before 17 November 2014 in accordance with the tax laws. The relevant dividends and/or bonus shares derived by QFIIs and RQFIIs are subject to tax at 10% (unless exempt or reduced under specific tax circulars or relevant tax treaty), which will be withheld and paid to the relevant authority by the listed companies.

Notice No.79 is applicable for QFIIs and RQFIIs without any establishment or place in China or the income derived by the QFIIs and RQFIIs are not effectively connected with their establishment or place in China.

Based on Notice No.79 and based on professional and independent tax advice, QFIIs and RQFIIs should generally be temporarily exempted on gross realized or unrealized capital gains derived from trading of China A-shares and hence, the sub-funds will not make provision for such gains derived from trading of China A-shares via CAAPs where were issued by QFII and RQFII license holders.

Investors may also refer to the sub-section headed "China" in the Explanatory Memorandum for further information on specific risks in relation to the taxation of the sub-funds which may invest in the PRC.

▶ **China A-Shares Access Product Risk**

The sub-fund may invest in CAAP linked to China A-shares in the PRC. Issuers of CAAP may deduct various charges, expenses or potential liabilities from the prices of the CAAP (including but not limited to any actual or potential tax liabilities determined by the CAAP issuer at its discretion) and such deduction is not refundable.

CAAPs may not be listed and are subject to the terms and conditions imposed by its issuer. These terms may lead to delays in implementing the Investment Adviser's investment strategy. Investment in CAAPs can be illiquid as there may not be an active market in the CAAPs. In order to liquidate investments, the sub-fund relies upon the counterparty issuing the CAAPs to quote a price to unwind any part of the CAAPs.

An investment in a CAAP is not an investment directly in the underlying investments (such as shares) themselves. An investment in the CAAP does not entitle the holder of such instrument to the beneficial interest in the shares nor to make any claim against the company issuing the shares.

The sub-fund will be subject to credit risk of the issuers of the CAAPs invested by the sub-fund. The sub-fund may suffer a loss if the issuers of the CAAPs invested by the sub-fund becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties.

▶ **Risks associated with REITs**

Investors should note that insofar as a sub-fund directly invests in REITs, any dividend policy or dividend payout at the sub-fund level may not be representative of the dividend policy or dividend payout of the relevant underlying REIT.

The legal structure of a REIT, its investment restrictions and the regulatory and taxation regimes to which it is subject will differ depending on the jurisdiction in which it is established. The underlying REITs invested by a sub-fund may not necessarily be authorised by the SFC.

2.2 Investment in Contingent Convertible Securities

Applies to the following sub-funds: Euro High Yield Bond, Global Bond, Global Emerging Markets Bond, Global High Income Bond, Global High Yield Bond, Managed Solutions – Asia Focused Conservative, Managed Solutions – Asia Focused Growth, Managed Solutions – Asia Focused Income and US Dollar Bond.

▶ The Change

The Board has given consideration to the investment strategy of the sub-funds listed above. Some of these sub-funds already invest in contingent convertible securities (commonly known as “CoCos”) and the Board has therefore decided that this information should be disclosed in the investment objective of each sub-fund which may invest in CoCos.

The wording below explaining to what extent a sub-fund may invest in contingent convertible securities will therefore be added to the investment objective of each sub-fund concerned:

“The sub-fund may invest up to X% of its net assets in contingent convertible securities, however this is not expected to exceed Y%.”

In a nutshell, CoCos are hybrid capital securities that absorb losses when the capital of the issuer falls below a certain level. They are risky and highly complex investment instruments. Under certain circumstances CoCos can be converted into shares of the issuing company, potentially at a discounted price, or the principal amount invested may be lost on a permanent or temporary basis.

▶ Rationale for the Change

The aim is to enhance the description of the investment objective of the sub-funds by providing additional information on securities the sub-fund may use to achieve its investment objective.

▶ Impact of the Change

The change will have no impact on the aim and Profile of the Typical Investor Category of the sub-funds as defined in the Explanatory Memorandum.

▶ Effective Date of Change

The change will become effective from 20 May 2016.

▶ Investment Objective

The investment objective of each sub-fund will therefore be amended to include additional information as follows (the change is highlighted in bold in the updated investment objective for your ease of reference):

- Euro High Yield Bond

From the Effective Date of Change
<p>The sub-fund aims to provide long term total return by investing in a portfolio of Euro denominated high yielding bonds.</p> <p>The sub-fund invests (normally a minimum of 90% of its net assets) in Non-Investment Grade rated fixed income securities and other higher yielding securities (including unrated bonds) which are either issued by companies or issued or guaranteed by government, government agencies or supranational bodies in both developed markets, such as OECD countries, and Emerging Markets. These securities are denominated in Euro and, on an ancillary basis (normally up to 10% of the sub-fund’s net assets), in other developed market currencies.</p>

The sub-fund may invest up to 15% of its net assets in contingent convertible securities, however this is not expected to exceed 10%.

The sub-fund may achieve its investment policy by investing up to 10% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).

On an ancillary basis, the sub-fund may achieve its investment policy by investing in financial derivative instruments. However, the sub-fund does not intend to invest in financial derivative instruments extensively for investment purposes and their primary use will be for hedging and efficient portfolio management, including purposes such as cash flow management and tactical asset allocation.

Financial derivative instruments that the sub-fund may use include, but are not limited to foreign exchange forwards (including non-deliverable forwards), exchange-traded future options, foreign exchange options and swaptions, exchange traded futures and swaps (interest rate, credit default, inflation, total return and currency). Financial derivative instruments may also be embedded in other instruments used by the sub-fund (for example, participation notes and convertibles).

The sub-fund's primary currency exposure is to the Euro. The sub-fund will normally hedge non-Euro currency exposures into Euro.

Until the Effective Date of Change

The sub-fund aims to provide long term total return by investing in a portfolio of Euro denominated high yielding bonds.

The sub-fund invests (normally a minimum of 90% of its net assets) in Non-Investment Grade rated fixed income securities and other higher yielding securities (including unrated bonds) which are either issued by companies or issued or guaranteed by government, government agencies or supranational bodies in both developed markets, such as OECD countries, and Emerging Markets. These securities are denominated in Euro and, on an ancillary basis (normally up to 10% of the sub-fund's net assets), in other developed market currencies.

The sub-fund may achieve its investment policy by investing up to 10% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).

On an ancillary basis, the sub-fund may achieve its investment policy by investing in financial derivative instruments. However, the sub-fund does not intend to invest in financial derivative instruments extensively for investment purposes and their primary use will be for hedging and efficient portfolio management, including purposes such as cash flow management and tactical asset allocation.

Financial derivative instruments that the sub-fund may use include, but are not limited to foreign exchange forwards (including non-deliverable forwards), exchange-traded future options, foreign exchange options and swaptions, exchange traded futures and swaps (interest rate, credit default, inflation, total return and currency). Financial derivative instruments may also be embedded in other instruments used by the sub-fund (for example, participation notes and convertibles).

The sub-fund's primary currency exposure is to the Euro. The sub-fund will normally hedge non-Euro currency exposures into Euro.

- **Global Bond**

From the Effective Date of Change

The sub-fund invests for total return primarily in a diversified portfolio of Investment Grade rated fixed income (e.g. bonds) and other similar securities from around the world. The sub-fund will seek to invest primarily in securities issued in the developed markets and currencies of OECD countries.

The sub-fund may invest significantly (up to 30% of its net assets) in Asset Backed Securities ("ABS") and Mortgage Backed Securities ("MBS").

The sub-fund may invest up to 10% of its net assets in contingent convertible securities, however this is not expected to exceed 5%.

The sub-fund may also invest in financial derivative instruments such as futures, options, swaps (including, but not limited to, credit default swaps and Total Return Swaps) and forward currency contracts. The sub-fund intends to use such financial derivative instruments for, *inter alia*, the purposes of managing interest and credit risks 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.

Until the Effective Date of Change

The sub-fund invests for total return primarily in a diversified portfolio of Investment Grade rated fixed income (e.g. bonds) and other similar securities from around the world. The sub-fund will seek to invest primarily in securities issued in the developed markets and currencies of OECD countries.

The sub-fund may invest significantly (up to 30% of its net assets) in Asset Backed Securities (“ABS”) and Mortgage Backed Securities (“MBS”).

The sub-fund may also invest in financial derivative instruments such as futures, options, swaps (including, but not limited to, credit default swaps and Total Return Swaps) and forward currency contracts. The sub-fund intends to use such financial derivative instruments for, *inter alia*, the purposes of managing interest and credit risks 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.

- Global Emerging Markets Bond

From the Effective Date of Change

The sub-fund invests for total return primarily in a diversified portfolio of Investment Grade and Non-Investment Grade rated fixed income (e.g. bonds) and other similar securities either issued by companies which have their registered office in Emerging Markets around the world, primarily denominated in US dollars, or which are issued or guaranteed by governments, government agencies and supranational bodies of Emerging Markets.

The sub-fund may invest more than 10% and up to 30% of its net assets in securities issued by or guaranteed by a single sovereign issuer with a Non-Investment Grade credit rating. This is due to the fact that the sub-fund’s reference benchmark, the JP Morgan Emerging Market Bond Index, may contain sovereign issuers that may have a Non-Investment Grade rating. The Investment Adviser may decide to invest in a specific non-investment grade sovereign issuer and/or to overweight (in relation to the reference benchmark) a particular Non-Investment Grade sovereign issuer.

The Non-Investment Grade sovereign issuers that the sub-fund may invest up to 30% of its net assets in include, but are not limited to, Venezuela, Turkey and the Philippines. However, this list may change at any time as a result of: changes in credit ratings, changes in the sub-fund’s benchmark weights, the Investment Adviser’s decision to allocate a higher or lower proportion of the sub-fund’s net assets to a particular benchmark constituent and/or market movements.

The sub-fund may invest up to 10% of its net assets in contingent convertible securities, however this is not expected to exceed 5%.

The sub-fund may also invest in financial derivative instruments such as futures, forwards (including non-deliverable forwards), swaps, options, credit default swaps, as well as other structured products. The sub-fund intends to use such financial derivative instruments for, *inter alia*, return enhancement, hedging, tax-efficient access to instruments and whenever the Investment Adviser believes the investment in financial derivative instruments will assist the sub-fund in achieving its investment objectives.

Until the Effective Date of Change

The sub-fund invests for total return primarily in a diversified portfolio of Investment Grade and Non-Investment Grade rated fixed income (e.g. bonds) and other similar securities either issued by companies which have their registered office in Emerging Markets around the world, primarily denominated in US dollars, or which are issued or guaranteed by governments, government agencies and supranational bodies of Emerging Markets.

The sub-fund may invest more than 10% and up to 30% of its net assets in securities issued by and/or guaranteed by a single sovereign issuer with a Non-Investment Grade credit rating. This is due to the fact that the sub-fund’s reference benchmark, the JP Morgan Emerging Market Bond Index, may contain sovereign issuers that may have a Non-Investment Grade rating. The Investment Adviser may decide to invest in a

specific Non-Investment Grade sovereign issuer and/or to overweight (in relation to the reference benchmark) a particular Non-Investment Grade sovereign issuer.

The Non-Investment Grade sovereign issuers that the sub-fund may invest up to 30% of its net assets in include, but are not limited to, Venezuela, Turkey and the Philippines. However, this list may change at any time as a result of: changes in credit ratings, changes in the sub-fund's benchmark weights, the Investment Adviser's decision to allocate a higher or lower proportion of the sub-fund's net assets to a particular benchmark constituent and/or market movements.

The sub-fund does not intend to use financial derivative instruments extensively for investment purposes. However, the sub-fund may also invest in financial derivative instruments such as futures, forwards (including non-deliverable forwards), swaps, options, credit default swaps, as well as other structured products. The sub-fund intends to use such financial derivative instruments for, inter alia, return enhancement, hedging, tax-efficient access to instruments and whenever the Investment Adviser believes the investment in financial derivative instruments will assist the sub-fund in achieving its investment objectives.

- **Global High Income Bond**

From the Effective Date of Change

The sub-fund invests for high income primarily in a diversified portfolio of higher yielding fixed income bonds and other similar securities from around the world denominated in a range of currencies. This may include Investment Grade bonds, high yield bonds and Asian and Emerging Markets debt instruments. Investment in mortgage and asset backed securities will be limited to a maximum of 20% of the sub-fund net assets.

The sub-fund may invest up to 10% of its net assets in contingent convertible securities, however this is not expected to exceed 5%.

The sub-fund may also invest in financial derivative instruments such as futures, options, swaps (including, but not limited to, credit default swaps and Total Return Swaps) and forward currency contracts and in other currency and credit derivatives.

The sub-fund intends to use such financial derivative instruments for, inter alia, the purposes of managing interest and credit risks 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.

In particular, the sub-fund will use foreign currency forward contracts or other financial derivative instruments to substantially protect the sub-fund from losses arising from currency depreciation against the USD.

Until the Effective Date of Change

The sub-fund invests for high income primarily in a diversified portfolio of higher yielding fixed income bonds and other similar securities from around the world denominated in a range of currencies. This may include Investment Grade bonds, high yield bonds and Asian and Emerging Markets debt instruments. Investment in mortgage and asset backed securities will be limited to a maximum of 20% of the sub-fund net assets.

The sub-fund may also invest in financial derivative instruments such as futures, options, swaps (including, but not limited to, credit default swaps and Total Return Swaps) and forward currency contracts and in other currency and credit derivatives.

The sub-fund intends to use such financial derivative instruments for, inter alia, the purposes of managing interest and credit risks 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.

In particular, the sub-fund will use foreign currency forward contracts or other financial derivative instruments to substantially protect the sub-fund from losses arising from currency depreciation against the USD.

- **Global High Yield Bond**

From the Effective Date of Change

The sub-fund invests for total return primarily in a diversified portfolio of Non-Investment Grade and unrated

fixed income securities issued by companies, agencies or governments from any country, in both developed and Emerging Markets and denominated in or hedged into United States Dollars (USD).

On an ancillary basis, the sub-fund may invest in asset backed securities (limited to a maximum of 10%) and Investment Grade fixed income securities, and have exposure to non-USD currencies including Emerging Markets local currencies (up to a maximum of 20%) to enhance return. Normally, a minimum of 90% of the sub-fund will be invested in Non-Investment Grade and other higher yielding bonds (including unrated bonds). However, for liquidity management purposes, the sub-fund may also invest up to 30% in Investment Grade fixed income securities.

The sub-fund will not invest more than 10% of its net assets in securities issued by or guaranteed by any single sovereign issuer with a credit rating below Investment Grade.

The sub-fund may invest up to 15% of its net assets in contingent convertible securities, however this is not expected to exceed 10%.

The sub-fund may gain exposure to higher yielding bonds by investing up to 10% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds) with similar debt securities as that of the sub-fund.

The sub-fund does not intend to use financial derivative instruments extensively for investment purposes. However, the sub-fund may invest in financial derivative instruments such as futures, options, swaps (including, but not limited to, credit default swaps and Total Return Swaps), forward currency contracts and other credit derivatives for, *inter alia*, the purposes of managing interest rate risks and credit risks, currency positioning as well as for investment purposes to enhance return at times when the Investment Adviser believes the investment in financial derivative instruments will assist the sub-fund in achieving its investment objectives. The sub-fund may be leveraged through the use of financial derivative instruments.

Until the Effective Date of Change

The sub-fund invests for total return primarily in a diversified portfolio of Non-Investment Grade and unrated fixed income securities issued by companies, agencies or governments from any country, in both developed and Emerging Markets and denominated in or hedged into United States Dollars (USD).

On an ancillary basis, the sub-fund may invest in asset backed securities (limited to a maximum of 10%) and Investment Grade fixed income securities, and have exposure to non-USD currencies including Emerging Markets local currencies (up to a maximum of 20%) to enhance return. Normally, a minimum of 90% of the sub-fund will be invested in Non-Investment Grade and other higher yielding bonds (including unrated bonds). However, for liquidity management purposes, the sub-fund may also invest up to 30% in Investment Grade fixed income securities.

The sub-fund will not invest more than 10% of its net assets in securities issued by or guaranteed by any single sovereign issuer with a credit rating below Investment Grade.

The sub-fund may gain exposure to higher yielding bonds by investing up to 10% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds) with similar debt securities as that of the sub-fund.

The sub-fund does not intend to use financial derivative instruments extensively for investment purposes. However, the sub-fund may invest in financial derivative instruments such as futures, options, swaps (including, but not limited to, credit default swaps and Total Return Swaps), forward currency contracts and other credit derivatives for, *inter alia*, the purposes of managing interest rate risks and credit risks, currency positioning as well as for investment purposes to enhance return at times when the Investment Adviser believes the investment in financial derivative instruments will assist the sub-fund in achieving its investment objectives. The sub-fund may be leveraged through the use of financial derivative instruments.

- **Managed Solutions – Asia Focused Conservative**

From the Effective Date of Change

The sub-fund invests for long term total return through an active asset allocation in a diversified portfolio of fixed income and equity securities as well as money market and cash instruments.

The sub-fund will normally invest a minimum of 70% of its net assets in Asian (including Asia Pacific and excluding Japan) based assets in both fixed income and equity markets including, but not limited to Asia Pacific (excluding Japan) equities, sovereign bonds and corporate bonds. The sub-fund may also invest in other non-Asian based assets such as global emerging market bonds, US Treasuries and eligible closed-ended Real Estate Investment Trusts (“REITs”). Exposure to these assets may be achieved through direct investments and/or investments in units or shares of UCITS and/or other Eligible UCIs.

The sub-fund will invest in Investment Grade, Non-Investment Grade and unrated fixed income securities issued or guaranteed by governments, government agencies or supranational bodies worldwide or companies in both developed and Emerging Markets. The sub-fund will not invest more than 10% of its net assets in securities issued by or guaranteed by any single sovereign issuer with a credit rating below Investment Grade.

The sub-fund will also invest in equity and equity equivalent securities. Such securities will predominantly be listed securities that are selected based on their market capitalisation, sector, country and stock valuation. There are no capitalisation restrictions, and the sub-fund will normally invest across a range of market capitalisations.

Investments in Chinese equities include, but are not limited to, China A-shares and China B-shares (and such other securities as may be available) listed on stock exchanges in the People’s Republic of China (“PRC”). The sub-fund may directly invest in China A-shares through the Shanghai-Hong Kong Stock Connect, subject to applicable quota limitations. Furthermore, the sub-fund may gain exposure to China A-shares indirectly through China A-shares Access Products (“CAAP”) such as, but not limited to, participation notes linked to China A-shares.

The sub-fund may invest up to 15% of its net assets in China A-shares through the Shanghai-Hong Kong Stock Connect and up to 15% of its net assets in CAAPs. The sub-fund’s maximum exposure to China A-shares (through the Shanghai-Hong Kong Stock Connect or CAAP) and China B-shares is 15% of its net assets. The sub-fund will not invest more than 10% of its net assets in CAAPs issued by any single issuer of CAAPs.

The sub-fund will not invest more than 10% of its net assets in REITs.

The sub-fund may invest up to 10% of its net assets in contingent convertible securities, however this is not expected to exceed 5%.

The sub-fund may invest up to 50% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).

The asset allocation may change over time depending on the Investment Adviser’s view on market opportunities.

The sub-fund will normally be exposed to currencies of Asia Pacific (excluding Japan) countries as well as other emerging and developed market currencies.

The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the sub-fund may invest (for example, units or shares of UCITS and/or other Eligible UCIs).

Asset Class Exposure Limits

For the specific group of asset classes described in the table below, the sub-fund will have a total maximum exposure limit as follows:

Asset classes*	Maximum exposure
Equity	30%
Fixed Income, including Bonds, Money Market instruments, other Fixed Income instruments and Cash**	100%
Others, including real estate	30%

* Exposure to these asset classes may be achieved through direct investments and/or investment in units or shares of UCITS and/or other Eligible UCIs.

**The aggregate exposure to money market instruments and cash will be less than 30% of the sub-fund’s net assets.

The Investment Adviser will seek to maximize the portfolio's risk-adjusted expected long term total return by investing in a diversified portfolio of fixed income and equity securities as well as money market and cash instruments. Exposure to each asset class will be determined by taking into account valuation, risk and liquidity. In principle, the Investment Adviser will overweight asset classes with the most attractive growth prospects and underweight those that appear as overvalued, by taking into account the risk profile. Asset allocation to various asset classes will be managed with a view to grow capital throughout a market cycle. The sub-fund will remain diversified to maintain a balance between risk and return. Within each asset class, the Investment Adviser seeks to add further value through security selection.

Until the Effective Date of Change

The sub-fund invests for long term total return through an active asset allocation in a diversified portfolio of fixed income and equity securities as well as money market and cash instruments. The sub-fund will normally invest a minimum of 70% of its net assets in Asian (including Asia Pacific and excluding Japan) based assets in both fixed income and equity markets including, but not limited to Asia Pacific (excluding Japan) equities, sovereign bonds and corporate bonds. The sub-fund may also invest in other non-Asian based assets such as global emerging market bonds and US Treasuries. Exposure to these assets may be achieved through direct investments and/or investments in units or shares of UCITS and/or other Eligible UCIs.

The sub-fund will invest in Investment Grade, Non-Investment Grade and unrated fixed income securities issued or guaranteed by governments, government agencies or supranational bodies worldwide or companies in both developed and Emerging Markets. The sub-fund will not invest more than 10% of its net assets in securities issued by or guaranteed by any single sovereign issuer with a credit rating below Investment Grade.

The sub-fund will also invest in equity and equity equivalent securities. Such securities will predominantly be listed securities that are selected based on their market capitalisation, sector, country and stock valuation. There are no capitalisation restrictions, and the sub-fund will normally invest across a range of market capitalisations.

The sub-fund may invest up to 50% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).

The asset allocation may change over time depending on the Investment Adviser's view on market opportunities.

The sub-fund will normally be exposed to currencies of Asia Pacific (excluding Japan) as well as other emerging and developed market currencies.

The sub-fund may use financial derivative instruments for hedging purposes only. However, the sub-fund may also invest in units or shares of UCITS and/or other Eligible UCIs which may use financial derivative instruments for investment and/or hedging purposes.

Asset Class Exposure Limits

For the specific group of asset classes described in the table below, the sub-fund will have a total maximum exposure limit as follows:

Asset classes*	Maximum exposure
Equity	30%
Fixed Income, including Bonds, Money Market instruments, other Fixed Income instruments and Cash	100%

* Exposure to these asset classes may be achieved through direct investments and/or investment in units or shares of UCITS and/or other Eligible UCIs.

The Investment Adviser will seek to maximize the portfolio's risk-adjusted expected long term total return by investing in a diversified portfolio of fixed income and equity securities as well as money market and cash instruments. Exposure to each asset class will be determined by taking into account valuation, risk and liquidity. In principle, the Investment Adviser will overweight asset classes with the most attractive growth prospects and underweight those that appear as overvalued, by taking into account the risk profile. Asset allocation to various asset classes will be managed with a view to grow capital throughout a market cycle. The sub-fund will remain diversified to maintain a balance between risk and return. Within each asset class, the Investment Adviser seeks to add further value through security selection.

- **Managed Solutions – Asia Focused Growth**

From the Effective Date of Change

The sub-fund invests for long term total return through an active asset allocation in a diversified portfolio of equity and fixed income securities as well as money market and cash instruments.

The sub-fund will normally invest a minimum of 70% of its net assets in Asian (including Asia Pacific and excluding Japan) based assets in both equity and fixed income markets including, but not limited to Asia Pacific (excluding Japan) equities, sovereign bonds and corporate bonds. The sub-fund may also invest in other non-Asian based assets such as global developed and emerging market equities, US Treasuries and eligible closed-ended Real Estate Investment Trusts (“REITs”). Exposure to these assets may be achieved through direct investments and/or investments in units or shares of UCITS and/or other Eligible UCIs.

The sub-fund will invest in equity and equity equivalent securities. Such securities will predominantly be listed securities that are selected based on their market capitalisation, sector, country and stock valuation. There are no capitalisation restrictions, and the sub-fund will normally invest across a range of market capitalisations.

Investments in Chinese equities include, but are not limited to, China A-shares and China B-shares (and such other securities as may be available) listed on stock exchanges in the People’s Republic of China (“PRC”). The sub-fund may directly invest in China A-shares through the Shanghai-Hong Kong Stock Connect, subject to applicable quota limitations. Furthermore, the sub-fund may gain exposure to China A-shares indirectly through China A-shares Access Products (“CAAP”) such as, but not limited to, participation notes linked to China A-shares.

The sub-fund may invest up to 30% of its net assets in China A-shares through the Shanghai-Hong Kong Stock Connect and up to 30% of its net assets in CAAPs. The sub-fund’s maximum exposure to China A-shares (through the Shanghai-Hong Kong Stock Connect or CAAP) and China B-shares is 50% of its net assets. The sub-fund will not invest more than 10% of its net assets in CAAPs issued by any single issuer of CAAPs.

The sub-fund will also invest in Investment Grade, Non-Investment Grade and unrated fixed income securities issued or guaranteed by governments, government agencies or supranational bodies worldwide or companies in both developed and Emerging Markets. The sub-fund will not invest more than 10% of its net assets in securities issued by or guaranteed by any single sovereign issuer with a credit rating below Investment Grade.

The sub-fund will not invest more than 10% of its net assets in REITs.

The sub-fund may invest up to 10% of its net assets in contingent convertible securities, however this is not expected to exceed 5%.

The sub-fund may invest up to 50% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).

The asset allocation may change over time depending on the Investment Adviser’s view on market opportunities.

The sub-fund will normally be exposed to currencies of Asia Pacific (excluding Japan) countries as well as other emerging and developed market currencies.

The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the sub-fund may invest (for example, units or shares of UCITS and/or other Eligible UCIs).

Asset Class Exposure Limits

For the specific group of asset classes described in the table below, the sub-fund will have a total maximum exposure limit as follows:

Asset classes*	Maximum exposure
Equity	100%

Fixed Income, including Bonds, Money Market instruments, other Fixed Income instruments and Cash**	50%
Others, including real estate	30%

* Exposure to these asset classes may be achieved through direct investments and/or investment in units or shares of UCITS and/or other Eligible UCIs.

**The aggregate exposure to money market instruments and cash will be less than 30% of the sub-fund's net assets.

The Investment Adviser will seek to maximize the portfolio's risk-adjusted expected return in investing in a diversified portfolio of bonds, equity and currency. Exposure to each asset class will be determined taking into account valuation, risk and liquidity. In principle, we will mainly focus on overweighting asset classes with the most attractive growth prospects and underweighting those that appear as overvalued. Asset allocation to various asset classes will be managed with a view to grow capital throughout a market cycle. The sub-fund will remain diversified among different asset classes to maintain a balance between risk and return. Within each asset class, the Investment Adviser seeks to add further value through security selection.

Until the Effective Date of Change

The sub-fund invests for long term total return through an active asset allocation in a diversified portfolio of equity and fixed income securities as well as money market and cash instruments. The sub-fund will normally invest a minimum of 70% of its net assets in Asian (including Asia Pacific and excluding Japan) based assets in both equity and fixed income markets including, but not limited to Asia Pacific (excluding Japan) equities, sovereign bonds, and corporate bonds. The sub-fund may also invest in other non-Asian based assets such as global developed and emerging market equities, US Treasuries and global closed-ended REITs. Exposure to these assets may be achieved through direct investments and/or investments in units or shares of UCITS and/or other Eligible UCIs.

The sub-fund will invest in equity and equity equivalent securities. Such securities will predominantly be listed securities that are selected based on their market capitalisation, sector, country and stock valuation. There are no capitalisation restrictions, and the sub-fund will normally invest across a range of market capitalisations.

The sub-fund will also invest in Investment Grade, Non-Investment Grade and unrated fixed income securities issued or guaranteed by governments, government agencies or supranational bodies worldwide or companies in both developed and Emerging Markets. The sub-fund will not invest more than 10% of its net assets in securities issued by or guaranteed by any single sovereign issuer with a credit rating below Investment Grade.

The sub-fund may invest up to 50% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).

The asset allocation may change over time depending on the Investment Adviser's view on market opportunities.

The sub-fund will normally be exposed to currencies of Asia Pacific (excluding Japan) countries as well as other emerging and developed market currencies.

The sub-fund may use financial derivative instruments for hedging purposes only. However, the sub-fund may also invest in units or shares of UCITS and/or other Eligible UCIs which may use financial derivative instruments for investment and/or hedging purposes.

Asset Class Exposure Limits

For the specific group of asset classes described in the table below, the sub-fund will have a total maximum exposure limit as follows:

Asset classes*	Maximum exposure
Equity	100%
Fixed Income, including Bonds, Money Market instruments, other Fixed Income instruments and Cash	50%
Others, including Real Estate	30%

* Exposure to these asset classes may be achieved through direct investments and/or investment in units or shares of UCITS and/or other Eligible UCIs.

The Investment Adviser will seek to maximize the portfolio's risk-adjusted expected return in investing in a diversified portfolio of bonds, equity and currency. Exposure to each asset class will be determined taking into account valuation, risk and liquidity. In principle, the Investment Adviser will mainly focus on overweighting asset classes with the most attractive growth prospects and underweighting those that appear as overvalued. Asset allocation to various asset classes will be managed with a view to grow capital throughout a market cycle. The sub-fund will remain diversified among different asset classes to maintain a balance between risk and return. Within each asset class, the Investment Adviser seeks to add further value through security selection.

- **Managed Solutions – Asia Focused Income**

From the Effective Date of Change

The sub-fund invests for income and moderate capital growth through an active asset allocation in a diversified portfolio of fixed income and equity securities as well as money market and cash instruments.

The sub-fund will normally invest a minimum of 70% of its net assets in Asian (including Asia Pacific and excluding Japan) based income oriented assets in both fixed income and equity markets including, but not limited to corporate bonds, sovereign bonds and higher yielding equities. The sub-fund may also invest in other non-Asian based assets such as global emerging market bonds, US Treasuries and eligible closed-ended Real Estate Investment Trusts ("REITs"). Exposure to these assets may be achieved through direct investments and/or investments in units or shares of UCITS and/or other Eligible UCIs.

The sub-fund will invest in Investment Grade, Non-Investment Grade and unrated fixed income securities issued or guaranteed by governments, government agencies or supranational bodies worldwide or companies in both developed and Emerging Markets.

The sub-fund will also invest in equity and equity equivalent securities, particularly those that offer above average dividend yields and/or the potential for sustainable dividend growth.

Investments in Chinese equities include, but are not limited to, China A-shares and China B-shares (and such other securities as may be available) listed on stock exchanges in the People's Republic of China ("PRC"). The sub-fund may directly invest in China A-shares through the Shanghai-Hong Kong Stock Connect, subject to applicable quota limitations. Furthermore, the sub-fund may gain exposure to China A-shares indirectly through China A-shares Access Products ("CAAP") such as, but not limited to, participation notes linked to China A-shares.

The sub-fund may invest up to 25% of its net assets in China A-shares through the Shanghai-Hong Kong Stock Connect and up to 25% of its net assets in CAAPs. The sub-fund's maximum exposure to China A-shares (through the Shanghai-Hong Kong Stock Connect or CAAP) and China B-shares is 25% of its net assets. The sub-fund will not invest more than 10% of its net assets in CAAPs issued by any single issuer of CAAPs.

The sub-fund will not invest more than 10% of its net assets in REITs.

The sub-fund may invest up to 10% of its net assets in contingent convertible securities, however this is not expected to exceed 5%.

The sub-fund may invest up to 50% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of the HSBC Global Investment Funds).

The asset allocation may change over time depending on the Investment Adviser's view on market opportunities.

The sub-fund will normally be exposed to currencies of Asia Pacific (excluding Japan) countries as well as other emerging and developed markets currencies.

The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the sub-fund may invest (for example, units or shares of UCITS and/or other Eligible UCIs).

Asset Class Exposure Limits

For the specific group of asset classes described in the table below, the sub-fund will have a total maximum exposure limit as follows:

Asset classes*	Maximum exposure
Equity	50%
Fixed Income, including Bonds, Money Market instruments, other Fixed Income instruments and Cash**	100%
Others, including real estate	30%

* Exposure to these asset classes may be achieved through direct investments and/or investment in units or shares of UCITS and/or other Eligible UCIs.

**The aggregate exposure to money market instruments and cash will be less than 30% of the sub-fund's net assets.

Asset allocation to different income oriented assets will be managed to maximize the sub-fund's risk-adjusted yield and total return. Exposure to each asset class will be determined based on its level of expected yield premium (i.e. its yield above cash rate), risk and liquidity. In principle, the higher the risk-adjusted yield premium, the higher the exposure to such asset classes. Asset allocation will vary over market cycles as both the yield and risks of different asset classes evolve. The sub-fund will remain diversified among different asset classes to maintain a balance between risk, return and income. Within each asset class, the Investment Adviser seeks to add further value through security selection.

Until the Effective Date of Change

The sub-fund invests for income and moderate capital growth through an active asset allocation in a diversified portfolio of fixed income and equity securities as well as money market and cash instruments. The sub-fund will normally invest a minimum of 70% of its net assets in Asian ex-Japan based income oriented assets in both fixed income and equity markets including, but not limited to corporate bonds, sovereign bonds and higher yielding equities. The sub-fund may also invest in other non-Asian based assets such as global emerging market bonds, US Treasuries and global closed-ended REITs. Exposure to these assets may be achieved through direct investments and/or investments in units or shares of UCITS and/or other Eligible UCIs.

The sub-fund will invest in Investment Grade, Non-Investment Grade and unrated fixed income securities issued or guaranteed by governments, government agencies or supranational bodies worldwide or companies in both developed and Emerging Markets.

The sub-fund will also invest in equity and equity equivalent securities, particularly those that offer above average dividend yields and/or the potential for sustainable dividend growth.

The sub-fund may invest up to 50% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).

The asset allocation may change over time depending on the Investment Adviser's view on market opportunities.

The sub-fund will normally be exposed to currencies of Asian and Emerging Markets countries and USD.

The sub-fund may use financial derivative instruments for hedging purposes only. However, the sub-fund may also invest in units or shares of UCITS and/or other Eligible UCIs which may use financial derivative instruments for investment and/or hedging purposes.

Asset Class Exposure Limits

For the specific group of asset classes described in the table below, the sub-fund will have a total maximum exposure limit as follows:

Asset classes*	Maximum exposure
Equity	50%
Fixed Income, including Bonds, Money Market instruments, other Fixed Income instruments and Cash	100%

Others, including Real Estate	30%
<p>* Exposure to these asset classes may be achieved through direct investments and/or investment in units or shares of UCITS and/or other Eligible UCIs.</p> <p>Asset allocation to different income oriented assets will be managed to maximize the sub-fund's risk-adjusted yield and total return. Exposure to each asset class will be determined based on its level of expected yield premium (i.e. its yield above cash rate), risk and liquidity. In principle, the higher the risk-adjusted yield premium, the higher the exposure to such asset classes. Asset allocation will vary over market cycles as both the yield and risks of different asset classes evolve. The sub-fund will remain diversified among different asset classes to maintain a balance between risk, return and income. Within each asset class, the Investment Adviser seeks to add further value through security selection.</p>	

- US Dollar Bond

From the Effective Date of Change
<p>The sub-fund invests for total return primarily in a diversified portfolio of Investment Grade rated fixed income (e.g. bonds) and other similar securities from around the world, denominated in US dollars. The sub-fund will seek to invest primarily in securities issued in developed markets such as the OECD countries.</p> <p>The sub-fund may invest significantly (up to 50% of its net assets) in Asset Backed Securities ("ABS") and Mortgage Backed Securities ("MBS"), including those backed by the government of the United States of America.</p> <p>The sub-fund may invest up to 10% of its net assets in contingent convertible securities, however this is not expected to exceed 5%.</p> <p>The sub-fund may also invest in financial derivative instruments such as futures, options, swaps (including, but not limited to, credit default swaps and Total Return Swaps) and forward currency contracts. The sub-fund intends to use such financial derivative instruments, <i>inter alia</i>, for the purposes of managing interest and credit risks 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.</p>
Until the Effective Date of Change
<p>The sub-fund invests for total return primarily in a diversified portfolio of Investment Grade rated fixed income (e.g. bonds) and other similar securities from around the world, denominated in US dollars. The sub-fund will seek to invest primarily in securities issued in developed markets such as the OECD countries.</p> <p>The sub-fund may invest significantly (up to 50% of its net assets) in Asset Backed Securities ("ABS") and Mortgage Backed Securities ("MBS"), including those backed by the government of the United States of America.</p> <p>The sub-fund may also invest in financial derivative instruments such as futures, options, swaps (including, but not limited to, credit default swaps and Total Return Swaps) and forward currency contracts. The sub-fund intends to use such financial derivative instruments, <i>inter alia</i>, for the purposes of managing interest and credit risks 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.</p>

► **Risks associated with Contingent Convertible Securities**

Contingent convertible securities are hybrid capital securities that absorb losses when the capital of the issuer falls below a certain level. Upon the occurrence of a predetermined event (known as a trigger event), contingent convertible securities can be converted into shares of the issuing company, potentially at a discounted price, or the principal amount invested may be lost on a permanent or temporary basis. Contingent convertible securities are risky and highly complex instruments. Coupon payments on contingent convertible securities are discretionary and may at times also be ceased or deferred by the issuer. Trigger events can vary but these could include the capital ratio of the issuing company falling below a certain level, or the share price of the issuer falling to a particular level for a certain period of time.

Contingent convertible securities are also subject to additional risks specific to their structure including:

(a) Trigger Level Risk

Trigger levels differ and determine exposure to conversion risk. It might be difficult for the Investment Adviser of a sub-fund invested in contingent convertible securities to anticipate the trigger events that would require the debt to convert into equity or the write down to zero of principal investment and/or accrued interest. Trigger events may include: (i) a reduction in the issuing bank's Core Tier 1/ Common Equity Tier 1 (CT1/CET1) ratio or other ratios, (ii) a regulatory authority, at any time, making a subjective determination that an institution is "non-viable", i.e. a determination that the issuing bank requires public sector support in order to prevent the issuer from becoming insolvent, bankrupt or otherwise carry on its business and requiring or causing the conversion of the contingent convertible securities into equity or write down, in circumstances that are beyond the control of the issuer or (iii) a national authority deciding to inject capital.

(b) Coupon Cancellation

Coupon payments on some contingent convertible securities are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. The discretionary cancellation of payments is not an event of default and there are no possibilities to require re-instatement of coupon payments or payment of any passed missed payments. Coupon payments may also be subject to approval by the issuer's regulator and may be suspended in the event there are insufficient distributable reserves. As a result of uncertainty surrounding coupon payments, contingent convertible securities may be volatile and their price may decline rapidly in the event that coupon payments are suspended.

(c) Capital structure inversion risk

Contrary to the classic capital hierarchy, investors in contingent convertible securities may suffer a loss of capital when equity holders do not, for example when the loss absorption mechanism of a high trigger/write down of a contingent convertible security is activated. This is contrary to the normal order of the capital structure where equity holders are expected to suffer the first loss.

(d) Call extension risk

Some contingent convertible securities are issued as perpetual instruments and only callable at pre-determined levels upon approval of the competent regulatory authority. It cannot be assumed that these perpetual contingent convertible securities will be called on a call date. Contingent convertible securities are a form of permanent capital. The investor may not receive return of principal as expected on call date or indeed at any date.

(e) Conversion risk

Trigger levels differ between specific contingent convertible securities and determine exposure to conversion risk. It might be difficult at times for the Investment Adviser of the relevant sub-fund to assess how the contingent convertible securities will behave upon conversion. In case of conversion into equity, the Investment Adviser might be forced to sell these new equity shares since the investment policy of the relevant sub-fund may not allow the holding of equity securities. Given the trigger event is likely to be some event depressing the value of the issuer's common equity, this forced sale may result in the sub-fund experiencing some loss.

(f) Valuation and write-down risk

Contingent convertible securities often offer attractive yield which may be viewed as a complexity premium. The value of contingent convertible securities may need to be reduced due to a higher risk of overvaluation of such asset class on the relevant eligible markets. Therefore, a sub-fund may lose its entire investment or may be required to accept cash or securities with a value less than its original investment.

(g) Market Value fluctuations due to unpredictable factors

The value of contingent convertible securities is unpredictable and will be influenced by many factors including, without limitation (i) creditworthiness of the issuer and/or fluctuations in such issuer's applicable capital ratios; (ii) supply and demand for the contingent convertible securities; (iii) general market conditions and available liquidity and (iv) economic, financial and political events that affect the issuer, its particular market or the financial markets in general.

(h) Liquidity risk

In certain circumstances finding a buyer ready to invest in contingent convertible securities may be difficult and the seller may have to accept a significant discount to the expected value of the bond in order to sell it.

(i) Sector Concentration Risk

Contingent convertible securities are issued by banking and insurance institutions. The performance of a sub-fund which invests significantly in contingent convertible securities will depend to a greater extent on the overall condition of the financial services industry than for a sub-fund following a more diversified strategy.

(j) Subordinated Instruments

Contingent convertible securities will, in the majority of circumstances, be issued in the form of subordinated debt instruments in order to provide the appropriate regulatory capital treatment prior to a conversion. Accordingly, in the event of liquidation, dissolution or winding-up of an issuer prior to a conversion having occurred, the rights and claims of the holders of the contingent convertible securities, such as a sub-fund, against the issuer in respect of or arising under the terms of the contingent convertible securities shall generally rank junior to the claims of all holders of unsubordinated obligations of the issuer.

(k) Unknown risk

The structure of contingent convertible securities is innovative yet untested. In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform.

2.3 Asia ex Japan Equity Smaller Companies

As a shareholder of the sub-fund, you should read the information below in conjunction with the Section 2.1. “Investment in Chinese securities through the Shanghai-Hong Kong Stock Connect and China A-shares Access Products, Use of Financial Derivative Instruments and Investment in Real Estate Investment Trusts” of this letter.

▶ **The Change**

The Board has given consideration to the management of the sub-fund and has decided to make changes to the investment objective aiming at optimising the portfolio management.

The investment universe will be extended to allow the sub-fund to invest in smaller companies defined as those in the bottom 25% by market capitalisation of the Asia ex Japan universe (made up of the combination of companies included in the MSCI AC Asia ex Japan index and in the MSCI AC Asia ex Japan Small Cap index).

The sub-fund may as a result benefit from additional investment opportunities to achieve its investment objective.

▶ **Rationale for the Change**

The investment universe of the sub-fund has evolved over time and continuing to apply an investment limit to companies which have a maximum market capitalisation of two billion US Dollars would further constrain the management of the sub-fund and is no longer valid.

The revised definition of smaller companies will therefore be better aligned with the enlarged investment universe of the sub-fund and will also enable further flexibility in the portfolio management.

▶ **Impact of the Change**

The change will have no impact on the aim and Profile of the Typical Investor Category of the sub-fund as defined in the Explanatory Memorandum.

▶ **Effective Date of Change**

The change will become effective from 20 May 2016.

▶ **Investment Objective**

The investment objective of the sub-fund will therefore be amended as follows (the change is highlighted in bold in the updated investment objective for your ease of reference):

From the Effective Date of Change
The sub-fund aims to provide long term capital growth by investing in a portfolio of Asian (excluding Japan)

smaller company equities.

The sub-fund invests in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of companies which are domiciled in, based in, or carry out the larger part of their business activities in Asia (excluding Japan) including both developed markets such as OECD countries and Emerging Markets.

The sub-fund will invest a minimum of 70% of its net assets in equities and equity equivalent securities of smaller companies defined as those in the bottom 25% by market capitalisation of the Asia ex Japan universe (made of the combination of the MSCI AC Asia ex Japan index and the MSCI AC Asia ex Japan Small Cap index).

Investments in Chinese equities include, but are not limited to, China A-shares and China B-shares (and such other securities as may be available) listed on stock exchanges in the People's Republic of China ("PRC"). The sub-fund may directly invest in China A-shares through the Shanghai-Hong Kong Stock Connect, subject to applicable quota limitations. Furthermore, the sub-fund may gain exposure to China A-shares indirectly through China A-shares Access Products ("CAAP") such as, but not limited to, participation notes linked to China A-shares.

The sub-fund may invest up to 30% of its net assets in China A-shares through the Shanghai-Hong Kong Stock Connect and up to 30% of its net assets in CAAPs. The sub-fund's maximum exposure to China A-shares (through the Shanghai-Hong Kong Stock Connect or CAAP) and China B-shares is 50% of its net assets. The sub-fund will not invest more than 10% of its net assets in CAAPs issued by any single issuer of CAAPs.

The sub-fund may invest up to 10% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).

The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the sub-fund may invest.

Until the Effective Date of Change

The sub-fund seeks long term capital growth by investing primarily in a diversified portfolio of investments in equity and equity equivalent securities of smaller, less-established companies (being defined as those with a maximum market capitalisation of USD 2 billion at the time of purchase) which have their registered office in, and with an official listing on a major stock exchange or other Regulated Market of any Asian country (excluding Japan) as well as companies which carry out a preponderant part of their economic activities in the Asian region (excluding Japan).

As the sub-fund will seek to invest in companies throughout Asia (excluding Japan), these will be both companies with a registered office in and with an official listing in, developed markets such as the Asian OECD countries, and also those in emerging Asian countries.

2.4. China Consumer Opportunities

As a shareholder of the sub-fund, you should read the information below in conjunction with the Section 2.1. "Investment in Chinese securities through the Shanghai-Hong Kong Stock Connect and China A-shares Access Products, Use of Financial Derivative Instruments and Investment in Real Estate Investment Trusts" of this letter.

▶ The Change

The Board has given consideration to the management of the sub-fund and has decided to make changes to the investment objective aiming at enhancing the description and understanding of the investment strategy.

▶ Rationale for the Change

The investment objective will be amended to clarify how the sub-fund aims to take advantage of the growth in the consumer economy in China. Specifically it clarifies that the sector universe the sub-fund may invest in is unrestricted.

► **Impact of the Change**

The change will have no impact on the aim and Profile of the Typical Investor Category of the sub-fund as defined in the Explanatory Memorandum.

► **Effective Date of Change**

The change will become effective from 20 May 2016.

► **Investment Objective**

The investment objective of the sub-fund will therefore be amended as follows (the change is highlighted in bold in the updated investment objective for your ease of reference):

From the Effective Date of Change
<p>The sub-fund aims to provide long term total return by investing in a portfolio of equities of companies positioned to benefit from growth in the consumer economy in China.</p> <p>The sub-fund invests in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of mid to large cap companies which are domiciled in, based in, or carry out business activities in, any country including both developed markets, such as OECD countries, and Emerging Markets.</p> <p>Investments in Chinese equities include, but are not limited to, China A-shares and China B-shares (and such other securities as may be available) listed on stock exchanges in the People's Republic of China ("PRC"). The sub-fund may directly invest in China A-shares through the Shanghai-Hong Kong Stock Connect, subject to applicable quota limitations. Furthermore, the sub-fund may gain exposure to China A-shares indirectly through China A-shares Access Products ("CAAP") such as, but not limited to, participation notes linked to China A-shares.</p> <p>The sub-fund may invest up to 20% of its net assets in China A-shares through the Shanghai-Hong Kong Stock Connect and up to 30% of its net assets in CAAPs. The sub-fund's maximum exposure to China A-shares (through the Shanghai-Hong Kong Stock Connect or CAAP) and China B-shares is 30% of its net assets. The sub-fund will not invest more than 10% of its net assets in CAAPs issued by any single issuer of CAAPs.</p> <p>The reference to "mid to large cap" generally refers to companies in the top 85% of each market by free-float adjusted market capitalisation. Such percentage may differ from market to market and may be subject to change from time to time.</p> <p>The sub-fund may invest up to 10% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).</p> <p>The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the sub-fund may invest.</p>
Until the Effective Date of Change
<p>The sub-fund seeks long term total return by investing at least 90% of its net assets in a diversified portfolio of investments in equity and equity equivalent securities of mid to large cap companies around the world, positioned to benefit from the growing middle class and changing consumer behaviour in China.</p> <p>The investment universe mainly comprises of mid to large cap global companies with growing revenues in the luxury sector as well as consumer discretionary and staples sectors that have appeal and recognition by Chinese consumers. The reference to "mid to large cap" generally refers to the top 85% of each market's free-float adjusted market capitalisation. Such percentage may differ from market to market and may be subject to change from time to time.</p> <p>The sub-fund will invest in the consumer discretionary and consumer staples sector which includes, but is not limited to automobiles & components, consumer durables & apparel, consumer services, media, retailing, food & staples retailing, food, beverage & tobacco, household & personal products industries.</p>

The sub-fund may use financial derivative instruments for hedging purposes only.

2.5. Euroland Equity Smaller Companies

► The Change

The Board has given consideration to the management of the sub-fund and has decided to make changes to the investment objective aiming at optimising the portfolio management.

Investment Universe

The investment universe will be extended to allow the sub-fund to invest in companies within the MSCI EMU SMID index. The sub-fund may therefore benefit from additional investment opportunities to achieve its investment objective.

Use of Financial Derivative Instruments

The Board has taken the opportunity of the change above to enhance the overall description of the investment objective of the sub-fund. In particular, the Board has reviewed the use of financial derivative instruments and has decided to implement in the investment objective a standardised wording.

► Rationale for the Changes

Investment Universe

The upper market capitalisation limit of 10 billion euros applied to smaller and mid-sized companies is no longer valid. Indeed a large percentage (currently about 25%) of the companies included in the sub-fund's reference performance benchmark (the MSCI EMU SMID Index which is used for performance comparison purposes only) have market capitalisations that exceed 10 billion euros.

The revised definition of smaller and mid-sized companies will be better aligned with the investment universe of the sub-fund and will also enable further flexibility in the portfolio management.

Use of Financial Derivative Instruments

The enhanced wording will better describe the purposes of using financial derivatives instruments and how extensively these instruments may be used by a sub-fund. It will also bring consistency throughout the sub-fund's investment objectives.

► Impact of the Changes

The change will have no impact on the aim and Profile of the Typical Investor Category of the sub-fund as defined in the Explanatory Memorandum.

► Effective Date of Changes

The change will become effective from 20 May 2016.

► Investment Objective

The investment objective of the sub-fund will therefore be amended as follows (the change is highlighted in bold in the updated investment objective for your ease of reference):

From the Effective Date of Change

The sub-fund seeks long-term total return by investing (normally a minimum of 90% of its net assets) in a portfolio of equity and equity equivalent securities of smaller and mid-sized companies which are based in any Eurozone member country.

Smaller and mid-sized companies are those companies whose market capitalisation generally comprises the lowest tier of the aggregate Eurozone market, defined as companies whose market capitalisation is below EUR 10 billion as well as companies within the MSCI EMU SMID index.

The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the sub-fund may invest.

Until the Effective Date of Change

The sub-fund seeks long-term total return by investing (normally a minimum of 90% of its net assets) in a portfolio of equity and equity equivalent securities of smaller and mid-sized companies which are based in any Eurozone member country.

Smaller and mid-sized companies are those companies whose market capitalisation generally comprises the lowest tier of the aggregate Eurozone market, defined as companies whose market capitalisation falls below EUR 10 billion.

The sub-fund does not intend to use financial derivative instruments extensively for investment purposes. However, the fund may also invest in financial derivative instruments such as futures, 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 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.

2.6. UK Equity

► **The Change**

The Board has given consideration to the management of the sub-fund and has decided to make changes to the investment objective aiming at optimising the portfolio management.

The investment universe will be extended to allow the sub-fund to invest in companies which are listed on a stock exchange in the United Kingdom but have their registered office outside the United Kingdom. The sub-fund may therefore benefit from additional investment opportunities to achieve its investment objective.

Use of Financial Derivative Instruments

The Board has taken the opportunity of the change above to enhance the overall description of the investment objective of the sub-fund. In particular, the Board has reviewed the use of financial derivative instruments and has decided to implement in the investment objective a standardised wording.

► **Rationale for the Change**

The FTSE All Share index, reference performance benchmark of the sub-fund (used for performance comparison purposes only), contains stocks like BHP Billiton and Royal Dutch Shell which are listed on the London Stock Exchange but have no registered office in the United Kingdom.

The change will better align the investment universe of the sub-fund with the index.

Use of Financial Derivative Instruments

The enhanced wording will better describe the purposes of using financial derivatives instruments and how extensively these instruments may be used by a sub-fund. It will also bring consistency throughout the sub-fund's investment objectives.

► **Impact of the Change**

The change will have no impact on the aim and Profile of the Typical Investor Category of the sub-fund as defined in the Explanatory Memorandum.

► **Effective Date of Change**

The change will become effective from 20 May 2016.

► **Investment Objective**

The investment objective of the sub-fund will therefore be amended as follows (the change is highlighted in bold in the updated investment objective for your ease of reference):

From the Effective Date of Change
<p>The sub-fund aims to provide long term total return by investing in a portfolio of UK equities.</p> <p>The sub-fund invests in normal market conditions primarily in equities and equity equivalent securities of companies which are domiciled in, based in, carry out the larger part of their business activities in, or are listed on a Regulated Market, in the United Kingdom.</p> <p>The sub-fund normally invests across a range of market capitalisations without any capitalisation restriction.</p> <p>The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards).</p>
Until the Effective Date of Change
<p>The sub-fund seeks long term capital growth by investing primarily in a 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 in the UK as well as those companies which carry out a preponderant part of their business activities in the UK. The portfolio is diversified by sector and individual stock exposure.</p> <p>There are no capitalisation restrictions, and it is anticipated that the sub-fund will seek to invest across a broad range of capitalisations.</p>

2.7 Global Emerging Markets Equity

As a shareholder of the sub-funds, you should read the information below in conjunction with the Section 2.1. “Investment in Chinese securities through the Shanghai-Hong Kong Stock Connect and China A-shares Access Products, Use of Financial Derivative Instruments and Investment in Real Estate Investment Trusts” of this letter.

► **The Change to Investment in India**

The investment objective of the sub-fund is to seek long term capital growth by investing primarily in a diversified portfolio of equities and equity equivalent securities of companies which are domiciled in, based in, or carry out the larger part of their business activities in, Emerging Markets.

The Board has given consideration to the investment process of the sub-fund and has decided to make changes to the way the sub-fund invests in India.

To the extent that the sub-fund may invest in India, the sub-fund currently invests part of the net proceeds of the issue of Shares in HSBC GIF Mauritius No. 2 Limited (the “subsidiary company”), which is a Mauritian company wholly owned by the Company. Under normal market conditions, the subsidiary company invests substantially in Indian equities 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 India. The subsidiary company currently benefits from a favourable tax treatment, due to the double taxation treaty between Mauritius and India, which in turn benefits the sub-fund and its investors.

The Board has decided that the sub-fund’s investments in India will be made directly rather than through the subsidiary company. Consequently, the sub-fund will divest its holdings in the subsidiary company over a period of time at the end of which the subsidiary company will be liquidated.

► **Background and Rationale for the Change**

The subsidiary company was incorporated on 21 November 2007 and benefits from the double taxation treaty between India and Mauritius which became effective on 1 July 1983. The taxation treaty allows Mauritian

companies' exemption from short term capital gains tax payable on Indian securities sold within 12 months of purchase.

The Indian government introduced the General Anti-Avoidance Rule ("GAAR") into local tax legislation through the Direct Taxes Code (DTC) in 2009 and it is now a part of the Income-tax Act, 1961. It is anticipated that when GAAR becomes effective, the subsidiary company will no longer benefit from the tax advantages available to it under the taxation treaty.

In recent years there has been a great deal of uncertainty as to whether the GAAR would come into force and also whether the proposed scope would be changed. The Indian government's budget in February 2015 postponed the coming into force of GAAR until 1 April 2017. However, the support for its implementation and the maintenance of its scope means that there is now clarity over the Indian government's view. The Board expects that, based on tax advice, GAAR will be implemented.

In order to ensure the certainty of the future tax treatment, the Board has taken the decision to no longer invest in India through the subsidiary company. This will provide a more efficient and clearer structure in the future; however it is possible that the sub-fund may be liable for any retrospective tax assessments levied on the subsidiary company post liquidation.

► **Implementation Process and Timeline for the Change**

There will be a transitional period during which the sub-fund will divest its holdings in the subsidiary company, and reinvest its assets in financial instruments directly in accordance with its investment objective. This will be undertaken in a number of tranches in order to minimise market impact and limit any risks. Following completion of the asset transition, the subsidiary company will be liquidated.

The transitional period is expected to begin in September 2016 and to be completed by the end of October 2016. There will be no suspension of shareholder dealing as a result of the transition. A further letter will be issued to advise the liquidation date of the subsidiary company at least one month prior to the liquidation.

► **Impact of the Change**

The change will have no impact on the aim and Profile of the Typical Investor Category of the sub-fund as defined in the Explanatory Memorandum.

There will be transitional costs incurred in divesting the holdings in the subsidiary company and investing directly, and liquidation costs in liquidating the subsidiary company in Mauritius. These costs will be borne by the sub-fund and will impact you if you remain as a Shareholder of the sub-fund. The estimated costs, based on the holdings of the sub-fund as of end of March 2016 are 0.05 per cent of the sub-fund's assets. The transitional costs will be incurred and charged to the sub-fund throughout the period of the transition.

In practice, these costs will be dependent on the sub-fund's holdings and the market conditions at the time of the transition, and may be higher.

Post transition the investments held directly in India will be subject to short term capital gains tax – this tax is currently set at 15% of any gains made on securities sold within 12 months of purchase. As per Indian tax rules, a payment for potential capital gains tax will be paid to the Indian tax authorities in December every year. The amount payable is 75% of the actual capital gains tax paid in the previous fiscal year, ending 31st March. In the event that the payment is used in a fiscal year, additional capital gains tax due will be payable to the Indian tax authorities when the gain is realised and before the sales proceeds are converted to the base currency of the sub-fund. However, the gain will be offset against any realised losses. Investments held for more than 12 months from purchase will continue to be exempt from tax on their capital gains.

► **Effective Date of Changes**

A further letter will be issued to advise the liquidation date of the subsidiary company at least one month prior to the liquidation.

► **Investment Objective**

The investment objective of the sub-fund will therefore be amended as follows (the change is highlighted in bold in the updated investment objective for your ease of reference):

- Global Emerging Markets Equity

From the Effective Date of Change

The sub-fund aims to provide long term total return by investing in a portfolio of Emerging Market equities.

The sub-fund invests in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of companies which are domiciled in, based in, or carry out the larger part of their business activities in, Emerging Markets. The sub-fund may also invest in eligible closed-ended Real Estate Investment Trusts (“REITS”).

To the extent that the sub-fund invests in India, when making new investments or reallocating the portfolio, the sub-fund will invest directly in equities and equity equivalent securities of companies which are domiciled in India and the sub-fund will no longer increase its holdings in the Subsidiary (as defined below). Holdings in the Subsidiary may decrease. During a transitional period, which is expected to begin in September 2016 and to be completed by the end of October 2016, the sub-fund will divest its holdings in the Subsidiary in order to reinvest these assets directly.

Investments in Chinese equities include, but are not limited to, China A-shares and China B-shares (and such other securities as may be available) listed on stock exchanges in the People’s Republic of China (“PRC”). The sub-fund may directly invest in China A-shares through the Shanghai-Hong Kong Stock Connect, subject to applicable quota limitations. Furthermore, the sub-fund may gain exposure to China A-shares indirectly through China A-shares Access Products (“CAAP”) such as, but not limited to, participation notes linked to China A-shares.

The sub-fund may invest up to 30% of its net assets in China A-shares through the Shanghai-Hong Kong Stock Connect and up to 30% of its net assets in CAAPs. The sub-fund’s maximum exposure to China A-shares (through the Shanghai-Hong Kong Stock Connect or CAAP) and China B-shares is 40% of its net assets. The sub-fund will not invest more than 10% of its net assets in CAAPs issued by any single issuer of CAAPs.

The sub-fund normally invests across a range of market capitalisations without any capitalisation restriction.

The sub-fund will not invest more than 15% of its net assets in a combination of participation notes and convertible securities.

The sub-fund will not invest more than 10% of its net assets in REITS.

The sub-fund may invest up to 10% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).

The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the sub-fund may invest.

Mauritius Subsidiary

HSBC GIF Mauritius No.2 Limited, HSBC Centre, 18 Cyber City, Ebene, Mauritius (the “Subsidiary”) is a Mauritian company wholly-owned by the Company.

The investment objectives of the Subsidiary are in line with those of Global Emerging Markets Equity (i.e. investments in equities and equity equivalent securities of companies which are domiciled in India) and the Subsidiary will apply the Company’s investment restrictions as outlined in this Explanatory Memorandum.

The Subsidiary was incorporated in Mauritius on 21 November 2007. It is wholly-owned by the Company. It will issue ordinary Shares and redeemable preference Shares only to the Company’s Global Emerging Markets Equity sub-fund. The Subsidiary is registered with the Financial Services Commission and has obtained a certificate of tax residency from the Mauritius Revenue Authority in Mauritius (Please refer to the section headed “Taxation”).

The directors of the Subsidiary are responsible, inter alia, for establishing the investment objectives and policy of the Subsidiary, for monitoring the Subsidiary’s investments and performance and for providing advisory services to the exclusive benefit of the Company, including in relation to massive redemptions in the sub-fund.

The Subsidiary has appointed CIM Fund Services, Rogers House, 5 President John Kennedy Street, Port Louis, Mauritius, to provide administrative services to the Subsidiary in Mauritius, including maintenance of its accounts, books and records. The Subsidiary has appointed KPMG Mauritius of KPMG Centre, 30 St George Street, Port Louis, Mauritius, as auditors of the Subsidiary in Mauritius to perform the auditor's duties required by Mauritius law.

The Subsidiary has appointed the Depository Bank as custodian over its assets. The Company has appointed HSBC Bank (Mauritius), a bank incorporated under the laws of Mauritius and a wholly owned subsidiary of The Hong Kong and Shanghai Banking Corporation Limited, and duly licensed to do business in Mauritius, and having an office at HSBC Centre, 18 Cybercity, Ebene, Mauritius, for the remittance of all cash and currency of the Subsidiary for the purpose of inward investment into India by the Subsidiary and in respect of remittances from such investments.

The Company and the Subsidiary shall issue consolidated accounts.

Until the Effective Date of Change

The sub-fund seeks long term capital growth by investing primarily in a well-diversified portfolio of investments in equity and equity equivalent securities issued by companies which have their registered office in, and with an official listing in, an Emerging Market, as well as companies which carry out a preponderant part of their economic activities in Emerging Markets.

The sub-fund will seek to invest primarily in securities listed on a Regulated Market, but may also invest up to 10% of the sub-fund's net assets in securities listed on markets that are not Regulated Markets. Investment in interest bearing securities is also permitted either for short-term cash surpluses or in response to unfavourable equity market conditions and this is limited to one third of the total assets of the sub-fund. Whilst there are no capitalisation restrictions, it is anticipated that the sub-fund will invest primarily in larger, established companies.

To the extent that the sub-fund may invest in India, the sub-fund intends to invest part of the net proceeds of the issue of Shares in HSBC GIF Mauritius No.2 Limited, HSBC Centre, 18 Cyber City, Ebene, Mauritius (the "Subsidiary") which is a Mauritian company wholly-owned by the Company. Under normal market conditions, that part of the net proceeds allocated to the Subsidiary will be invested substantially in Indian equities 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 India. The remainder of the net proceeds of the issue of Shares will be invested directly 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 Emerging Markets. The investment objectives of the Subsidiary are in line with those of Global Emerging Markets Equity to the extent the sub-fund may invest in India and the Subsidiary will apply the Company's investment restrictions as outlined in this Explanatory Memorandum.

The Subsidiary was incorporated in Mauritius on 21 November 2007. It is wholly-owned by the Company. It will issue ordinary Shares and redeemable preference Shares only to the Company's Global Emerging Markets Equity sub-fund. The Subsidiary is registered with the Financial Services Commission and has obtained a certificate of tax residency from the Mauritius Revenue Authority in Mauritius (Please refer to the "Taxation" section in this Explanatory Memorandum).

The directors of the Subsidiary are responsible, *inter alia*, for establishing the investment objectives and policy of the Subsidiary, for monitoring the Subsidiary's investments and performance and for providing advisory services to the exclusive benefit of the Company, including in relation to massive redemptions in the sub-fund.

The Subsidiary has appointed CIM Fund Services (previously known as Multiconsult Limited), Rogers House, 5 President John Kennedy Street, Port Louis, Mauritius, to provide administrative services to the Subsidiary in Mauritius, including maintenance of its accounts, books and records. The Subsidiary has appointed KPMG Mauritius of KPMG Centre, 30 St George Street, Port Louis, Mauritius, as auditors of the Subsidiary in Mauritius to perform the auditor's duties required by Mauritius law.

The Subsidiary has appointed the Depository Bank as custodian over its assets. The Company has appointed HSBC Bank (Mauritius), a bank incorporated under the laws of Mauritius and a wholly owned subsidiary of The Hong Kong and Shanghai Banking Corporation Limited, and duly licensed to do business in Mauritius, and having an office at HSBC Centre, 18 Cybercity, Ebene, Mauritius, for the remittance of all cash and currency of the Subsidiary for the purpose of inward investment into India by the Subsidiary and in respect of remittances from such investments.

The Company and the Subsidiary shall issue consolidated accounts.

2.8. Indian Equity

As a shareholder of the sub-funds, you should read the information below in conjunction with the Section 2.1. “Investment in Chinese securities through the Shanghai-Hong Kong Stock Connect and China A-shares Access Products, Use of Financial Derivative Instruments and Investment in Real Estate Investment Trusts of this letter.

► **The Change to Investment in India**

The investment objective of the sub-fund is to seek long term capital growth by investing primarily in a diversified portfolio of equities and equity equivalent securities of companies which are domiciled in, based in, or carry out the larger part of their business activities in, India.

The Board has given consideration to the investment process of the sub-fund and has decided to change the way the sub-fund invests in India.

To achieve its investment objective, the sub-fund currently invests part or all of the net proceeds of the issue of Shares in HSBC GIF Mauritius Limited (the “subsidiary company”), which is a Mauritian company wholly owned by the Company. Under normal market conditions, the subsidiary company invests substantially all of its assets in the target investments listed in the sub-fund’s investment objective above. The subsidiary company currently benefits from a favourable tax treatment, due to the double taxation treaty between Mauritius and India, which in turn benefits the sub-fund and its investors.

The Board has decided that the sub-fund’s investments will be made directly rather than through the subsidiary company. Consequently, the sub-fund will divest its holdings in the subsidiary company over a period of time at the end of which the subsidiary company will be liquidated.

► **Background and Rationale for the Change**

The subsidiary company was incorporated on 3 October 1995 and benefits from the double taxation treaty between India and Mauritius which became effective on 1 July 1983. The taxation treaty allows Mauritian companies’ exemption from short term capital gains tax payable on Indian securities sold within 12 months of purchase.

The Indian government introduced the General Anti-Avoidance Rule (“GAAR”) into local tax legislation through the Direct Taxes Code (DTC) in 2009 and it is now a part of the Income-tax Act, 1961. It is anticipated that when the GAAR becomes effective, the subsidiary company will no longer benefit from the tax advantages available to it under the taxation treaty.

In recent years there has been a great deal of uncertainty as to whether the GAAR would come into force and also whether the proposed scope would be changed. The Indian government’s budget in February 2015 postponed the coming into force of GAAR until 1 April 2017. However, the support for its implementation and the maintenance of its scope means that there is now clarity over the Indian government’s view. The Board expects that, based on tax advice, GAAR will be implemented.

In order to ensure the certainty of the future tax treatment, the Board has taken the decision to no longer invest in India through the subsidiary company. This will provide a more efficient and clearer structure in the future; however it is possible that the sub-fund may be liable for any retrospective tax assessments levied on the subsidiary company post liquidation.

► **Implementation Process and Timeline for the Change**

There will be a transitional period during which the sub-fund will divest its holdings in the subsidiary company, and reinvest its assets in financial instruments directly in accordance with its investment objective. This will be undertaken in a number of tranches in order to minimise market impact and limit any risks. Following completion of the asset transition, the subsidiary company will be liquidated.

The transitional period is expected to begin in May 2016 and to be completed by the end of October 2016. There will be no suspension of shareholder dealing as a result of the transition. A further letter will be issued to advise the liquidation date of the subsidiary company at least one month prior to the liquidation.

► **Impact of the Change**

The change will have no impact on the aim and Profile of the Typical Investor Category of the sub-fund as defined in the Explanatory Memorandum.

There will be transitional costs incurred in divesting the holdings in the subsidiary company and investing directly, and liquidation costs in liquidating the subsidiary company in Mauritius. These costs will be borne by the sub-fund and will impact you if you remain as a Shareholder of the sub-fund. The estimated costs, based on the holdings of the sub-fund as of end of March 2016 are 0.25 per cent of the sub-fund's assets. The transitional costs will be incurred and charged to the sub-fund throughout the period of the transition.

In practice, these costs will be dependent on the sub-fund's holdings and the market conditions at the time of the transition, and may be higher.

Post transition the investments held directly in India will be subject to short term capital gains tax – this tax is currently set at 15% of any gains made on securities sold within 12 months of purchase. As per Indian tax rules, a payment for potential capital gains tax will be paid to the Indian tax authorities in December every year. The amount payable is 75% of the actual capital gains tax paid in the previous fiscal year, ending 31 March. In the event that the payment is used in a fiscal year, additional capital gains tax due will be payable to the Indian tax authorities when the gain is realised and before the sales proceeds are converted to the base currency of the sub-fund. However, the gain will be offset against any realised losses. Investments held for more than 12 months from purchase will continue to be exempt from tax on their capital gains.

► **Effective Date of Changes**

A further letter will be issued to advise the liquidation date of the subsidiary company at least one month prior to the liquidation.

► **Investment Objective**

The investment objective of the sub-fund will therefore be amended as follows (the change is highlighted in bold in the updated investment objective for your ease of reference):

• **Indian Equity**

From the Effective Date of Change

The sub-fund aims to provide long-term total return by investing in a portfolio of Indian equities.

The sub-fund invests, in normal market conditions, a minimum of 90% of its net assets in equities and equity equivalent securities of companies which are domiciled in, based in, or carry out the larger part of their business activities in, India.

When making new investments or reallocating the portfolio, the sub-fund will invest directly in equities and equity equivalent securities of companies which are domiciled in India and the sub-fund will no longer increase its holdings in the Subsidiary (as defined below). Holdings in the Subsidiary may decrease. During a transitional period, which is expected to begin in May 2016 and to be completed by the end of October 2016, the sub-fund will divest its holdings in the Subsidiary in order to reinvest these assets directly.

The sub-fund normally invests across a range of market capitalisations.

The sub-fund will not invest more than 30% of its net assets in a combination of participation notes and convertible securities.

The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the sub-fund may invest.

Mauritius Subsidiary

HSBC GIF Mauritius Limited, HSBC Centre, 18 Cyber City, Ebene, Mauritius (the "Subsidiary") is a Mauritian company wholly-owned by the Company.

The investment objectives of the Subsidiary are in line with those of Indian Equity (i.e. investments in equities and equity equivalent securities of companies which are domiciled in India) and the Subsidiary will apply the Company's investment restrictions as outlined in this Explanatory Memorandum.

The Subsidiary was incorporated in Mauritius on 3 October 1995. It is wholly-owned by the Company. It will issue ordinary Shares and redeemable preference Shares only to the Company's Indian Equity fund. The Subsidiary is registered with the Mauritius Financial Services Commission and has obtained a certificate of tax residency from the Mauritius Revenue Authority in Mauritius (Please refer to the section headed "Taxation").

The directors of the Subsidiary are responsible, *inter alia*, for establishing the investment objectives and policy of the Subsidiary, for monitoring the Subsidiary's investments and performance and for providing advisory services to the exclusive benefit of the Company, including in relation to massive redemptions in the sub-fund.

The Subsidiary has appointed CIM Fund Services, Rogers House, 5 President John Kennedy Street, Port Louis, Mauritius, to provide administrative services to the Subsidiary in Mauritius, including maintenance of its accounts, books and records. The Subsidiary has appointed KPMG Mauritius of KPMG Centre, 30 St George Street, Port Louis, Mauritius, as auditors of the Subsidiary in Mauritius to perform the auditor's duties required by Mauritius law.

The Subsidiary has appointed the Depository Bank as custodian over its assets. The Company has appointed HSBC Bank (Mauritius) Limited, a bank incorporated under the laws of Mauritius and a wholly owned subsidiary of the Hong Kong and Shanghai Banking Corporation Limited, and duly licensed to do business in Mauritius, and having an office at HSBC Centre, 18 Cybercity, Ebene, Mauritius, for the remittance of all cash and currency of the Subsidiary for the purpose of inward investment into India by the Subsidiary and in respect of remittances from such investments.

The Company and the Subsidiary shall issue consolidated accounts.

Until the Effective Date of Change

The sub-fund seeks long-term capital growth by investing primarily in a 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 India, as well as those companies which carry out a preponderant part of their business activities in India. Whilst there are no capitalisation restrictions, it is anticipated that the sub-fund will seek to invest across a range of market capitalisations with a bias to medium and large companies.

The sub-fund intends to invest part or all of the net proceeds of the issue of Shares in HSBC GIF Mauritius Limited, HSBC Centre, 18 Cyber City, Ebene, Mauritius (the "Subsidiary") which is a Mauritian company wholly-owned by the Company. Under normal market conditions, the Subsidiary will invest substantially all of its assets in Indian equities 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 India.

The remainder of the net proceeds of the issue of Shares will be invested directly 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 India. The investment objectives of the Subsidiary are in line with those of Indian Equity and the Subsidiary will apply the Company's investment restrictions as outlined in this Explanatory Memorandum.

The Subsidiary was incorporated in Mauritius on 3 October 1995. It is wholly-owned by the Company. It will issue ordinary Shares and redeemable preference Shares only to the Company's Indian Equity fund. The Subsidiary is registered with the Mauritius Financial Services Commission and has obtained a certificate of tax residency from the Mauritius Revenue Authority in Mauritius (Please refer to the section headed "Taxation").

The directors of the Subsidiary are responsible, *inter alia*, for establishing the investment objectives and policy of the Subsidiary, for monitoring the Subsidiary's investments and performance and for providing advisory services to the exclusive benefit of the Company, including in relation to massive redemptions in the sub-fund.

The Subsidiary has appointed CIM Fund Services (previously known as Multiconsult Limited), Rogers House, 5 President John Kennedy Street, Port Louis, Mauritius, to provide administrative services to the Subsidiary in Mauritius, including maintenance of its accounts, books and records. The Subsidiary has appointed KPMG Mauritius of KPMG Centre, 30 St George Street, Port Louis, Mauritius, as auditors of the Subsidiary in Mauritius to perform the auditor's duties required by Mauritius law.

The Subsidiary has appointed the Depository Bank as custodian over its assets. The Company has appointed HSBC Bank (Mauritius) Limited, a bank incorporated under the laws of Mauritius and a wholly owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited, and duly licensed to do business in Mauritius, and having an office at HSBC Centre, 18 Cybercity, Ebene, Mauritius, for the remittance of all

cash and currency of the Subsidiary for the purpose of inward investment into India by the Subsidiary and in respect of remittances from such investments.

The Company and the Subsidiary shall issue consolidated accounts.

3. Reference Performance Benchmarks

► **Enhancement to disclosure**

The Board has decided to insert a new section headed “Reference Performance Benchmarks” in the Explanatory Memorandum to include the existing reference performance benchmarks of the sub-funds listed in the table below.

The reference performance benchmarks are shown for comparison purposes only.

However, as set out in their investment objectives, the following sub-funds aim to track the respective index described as reference performance benchmark in the table below: Economic Scale Index Global Equity, Economic Scale Index Japan Equity and Economic Scale Index US Equity.

Shareholders should be aware that the sub-funds might not be managed to their reference performance benchmarks and that investment returns may deviate materially from the performance of the specified benchmark. There will have no impact on the investment objective and Profile of the Typical Investor Category of the sub-funds as defined in the Explanatory Memorandum.

Shareholders should also be aware that reference performance benchmarks may change over time and that the Explanatory Memorandum will be updated accordingly.

List of Sub-Funds and the Reference Performance Benchmark

Sub-Fund Name	Reference Performance Benchmark
	Sub-funds may offer Share Classes denominated in or hedged into currencies other than the Reference Currency of the sub-fund. The full names of the Reference Benchmarks may differ from those listed below and may be obtained from the Management Company.
Asia ex Japan Equity	MSCI AC Asia ex Japan Net
Asia ex Japan Equity Smaller Companies	MSCI AC Asia ex Japan Small Cap Net
Asia Pacific ex Japan Equity High Dividend	MSCI AC Asia Pacific ex Japan Net
Brazil Equity	MSCI Brazil 10/40 Net
BRIC Equity	25% MSCI Brazil Net 25% MSCI China Net 25% MSCI Russia Net 25% MSCI India Net
BRIC Markets Equity	25% MSCI Brazil Net 25% MSCI China Net 25% MSCI Russia Net 25% MSCI India Net
China Consumer Opportunities	MSCI AC World Net
Chinese Equity	MSCI China 10/40 Net
Economic Scale Index Global Equity	HSBC Economic Scale World Net
Economic Scale Index Japan Equity	HSBC Economic Scale Japan Net
Economic Scale Index US Equity	HSBC Economic Scale United States Net
Emerging Wealth	MSCI AC World Net
Euro High Yield Bond	BofA Merrill Lynch Euro High Yield BB-B Constrained
Euroland Equity	MSCI EMU Net
Euroland Equity Smaller Companies	MSCI EMU SMID Net
European Equity	MSCI Europe Net
Global Bond	Barclays Global Aggregate
Global Emerging Markets Bond	JP Morgan EMBI Global
Global Emerging Markets Equity	MSCI Emerging Markets Net
Global Equity Dividend	MSCI AC World Net
Global Equity Climate Change	MSCI AC World Net

Global Equity Volatility Focused	MSCI AC World Net The sub-fund aims for lower portfolio volatility relative to that of the MSCI All Country World Index through portfolio construction.
Global High Income Bond	35% Barclays USD Emerging Markets 20% Barclays US Aggregate Corporate Baa 15% Barclays US High Yield Ba 15% Barclays Euro Aggregate Corporate Baa Hedged USD 15% Barclays Euro High Yield BB Hedged USD.
Global High Yield Bond	BofA Merrill Lynch Global High Yield BB-B Constrained Hedged USD
Hong Kong Equity	FTSE MPF Hong Kong Net
Indian Equity	S&P / IFCI India Gross
Korean Equity	MSCI Korea 10/40 Net
Latin American Equity	MSCI Latin America 10/40 Net
Managed Solutions - Asia Focused Conservative	None
Managed Solutions - Asia Focused Growth	None
Managed Solutions - Asia Focused Income	None
Russia Equity	MSCI Russia 10/40 Net
Singapore Equity	MSCI Singapore Gross
Taiwan Equity	MSCI Taiwan 10/40 Gross
Thai Equity	MSCI Thailand 10/40 Net
UK Equity	FTSE All Share Net
US Dollar Bond	Barclays US Aggregate

4. Risk Management Methodology

Applies to the following sub-fund: Brazil Equity

▶ **The Change**

The Board issued on 26 October 2015 a shareholder notice to inform you about the decision to change the Investment Adviser of the sub-fund from HSBC Bank Brasil S.A. – Banco Múltiplo to HSBC Global Asset Management (UK) Limited with effect from 27 November 2015.

As a result of this change, the Board gave consideration to the risk management of the sub-fund and decided to change the risk measurement methodology used for the sub-fund from Relative Value-at-Risk Approach to the Commitment Approach.

You should refer to the Explanatory Memorandum for further information on the risk management process and the definition of the Commitment Approach.

▶ **Rationale for the Change**

The sub-fund may use financial derivative instruments for hedging and cash flow management purposes. Based on the main risk factors the sub-fund may be exposed to and the limited use of financial derivative instruments, the Commitment Approach has been considered as the appropriate methodology to adequately measure the risk of the sub-fund.

▶ **Impact of the Change**

The change had no impact on the investment objective and Profile of the Typical Investor Category of the sub-fund as defined in the Explanatory Memorandum.

▶ **Effective Date of the Change**

The change has become effective from 27 November 2015.

5. Dealing Cut-Off times and Settlement Period for Subscriptions and Redemptions

Applies to the following sub-funds: Economic Scale Index Global Equity and Economic Scale Index Japan Equity.

► The Change

The Board has given consideration to the management of the sub-funds and has decided to clarify the information relating to the dealing cut-off times and settlement period for subscriptions and redemptions applied to the sub-funds to read as follows.

	Dealing Cut-Off Times	
	Economic Scale Index Global Equity	Economic Scale Index Japan Equity
	Enhanced disclosures from 20 May 2016	
Buying Shares	4.00 p.m. Hong Kong time on the Business Day prior to the Dealing Day, which is also a day on which banks are open for normal banking business in the UK and is not Christmas Eve or New Year's Eve.	
Selling Shares	4.00 p.m. Hong Kong time on the Business Day prior to the Dealing Day, which is also a day on which banks are open for normal banking business in the UK and is not Christmas Eve or New Year's Eve.	
	Existing disclosures until 19 May 2016	
Buying Shares	4.00 p.m. Hong Kong time on any Dealing Day.	
Selling Shares	4.00 p.m. Hong Kong time on any Dealing Day.	

	Settlement Period for Subscriptions and Redemptions	
	Economic Scale Index Global Equity	Economic Scale Index Japan Equity
	Enhanced disclosures from 20 May 2016	
Buying Shares	Five Business Days after application unless the fifth Business Day is a day on which the banks in the principal financial centre for the Settlement Currency are closed for business, in which case receipt of cleared monies will be the next Business Day where the banks in the principal financial centre for the Settlement Currency are open for business.	
Selling Shares	Five Business Days after application unless the fifth Business Day is a day on which the banks in the principal financial centre for the Settlement Currency are closed for business, in which case payment of cleared monies will be the next Business Day where the banks in the principal financial centre for the Settlement Currency are open for business.	
	Existing disclosures until 19 May 2016	
Buying Shares	4 business days (days during which the banks in the principal financial centre for the Dealing Currency or Share Class Reference Currency of the relevant Share Class are open for business) where the 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.	
Selling Shares	4 business days (days during which the banks in the principal financial centre for the Dealing Currency or Share Class Reference Currency of the relevant Share Class are open for business) where the 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.	

▶ **Rationale for the Change**

The purpose of this update is to better describe how subscriptions and redemptions in the sub-funds work and enhance the shareholders' understanding of the operational process.

▶ **Impact of the Change**

The changes will have no impact on the investment objective and Profile of the Typical Investor Category of the sub-funds as defined in the Explanatory Memorandum.

▶ **Effective Date of the Change**

The change will become effective from 20 May 2016.

6. Other Miscellaneous Updates

The Explanatory Memorandum will be updated to include:

- Administrative updates;
- Disclosures to address latest regulatory requirements;
- Updates to existing risk factors and tax disclosures;
- Removal of minimum annual fee of EUR15,000 in respect of currency hedged Share Class where the Administration Agent or other appointed parties takes in respect of execution of the currency hedging policy;
- Insertion of additional risk factors;
- Clarificatory updates to charges and expenses;
- Removal of HSBC Bank Brasil S.A. – Banco Múltiplo to provide non-binding investment advice in respect of BRIC Equity's Brazilian investments;
- Removal of disclosures regarding the sub-funds' investment adviser and sub-investment adviser in the section headed "Sub-Fund Details", the list of investment advisers will be disclosed in the sub-section headed "Investment Advisers" in the section headed "Directory" in the Explanatory Memorandum; the name of the investment adviser managing a particular sub-fund is available on the Hong Kong website of HSBC Global Asset Management at www.assetmanagement.hsbc.com/hk. Investors should note that the website has not been reviewed or authorised by the SFC;
- Clarificatory update to the use of financial derivative instruments of Economic Scale Index Global Equity to reflect that the sub-fund will not invest more than 10% of its net assets in financial derivative instruments for investment purposes including cash flow management (i.e. Equitisation). The sub-fund may use financial derivative instruments for hedging;
- Change of Board of Directors of the Management Company;
- Change of auditors from KPMG to PricewaterhouseCoopers; and
- Other miscellaneous updates.

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Appendix - Summary of Changes

	Investment Objective									
	Section 1.	Section 2.1.			Section 2.2.	Sections 2.3. to 2.6.	Sections 2.7. to 2.8.	Section 3.	Section 4.	Section 5.
	Name of the Distribution Share Classes	Investment in Chinese securities through the Shanghai-Hong Kong Stock Connect and in CAAPs	Use of Financial Derivative Instruments	Investment in REITs	Investment in Contingent Convertible Securities (CoCos)	Investment Universe	Investment in India	Reference performance benchmark	Risk Management Methodology	Dealing Cut-Off times and/or Settlement Period for Subscriptions and Redemptions
Bond Sub-Funds										
Euro High Yield Bond	X				X			X		
Global Bond	X				X			X		
Global Emerging Markets Bond	X				X			X		
Global High Income Bond	X				X			X		
Global High Yield Bond	X				X			X		
US Dollar Bond	X				X			X		
Equity Sub-Funds										
Asia ex Japan Equity		X	X					X		
Asia ex Japan Equity Smaller Companies		X	X			X		X		
Asia Pacific ex Japan Equity High Dividend	X	X	X					X		
Brazil Equity								X	X	
BRIC Equity		X	X					X		
BRIC Markets Equity		X	X					X		
China Consumer Opportunities		X	X			X		X		
Chinese Equity		X	X					X		
Emerging Wealth		X	X					X		
Euroland Equity								X		
Euroland Equity Smaller Companies						X		X		
European Equity								X		
Global Equity Climate Change								X		
Global Emerging Markets Equity		X	X	X			X	X		
Global Equity Dividend	X	X	X	X				X		
Global Equity Volatility Focused	X	X	X	X				X		
Hong Kong Equity		X	X					X		
Indian Equity			X				X	X		
Korean Equity								X		
Latin American Equity								X		
Russia Equity								X		

	Investment Objective									
	Section 1.	Section 2.1.			Section 2.2.	Sections 2.3. to 2.6.	Sections 2.7. to 2.8.	Section 3.	Section 4.	Section 5.
	Name of the Distribution Share Classes	Investment in Chinese securities through the Shanghai-Hong Kong Stock Connect and in CAAPs	Use of Financial Derivative Instruments	Investment in REITs	Investment in Contingent Convertible Securities (CoCos)	Investment Universe	Investment in India	Reference performance benchmark	Risk Management Methodology	Dealing Cut-Off times and/or Settlement Period for Subscriptions and Redemptions
Singapore Equity								X		
Taiwan Equity								X		
Thai Equity								X		
UK Equity						X		X		
Index Sub-Funds										
Economic Scale Index Global Equity								X		X
Economic Scale Index Japan Equity								X		X
Economic Scale Index US Equity								X		
Multi-Asset Sub-Funds										
Managed Solutions - Asia Focused Conservative	X	X	X	X	X					
Managed Solutions - Asia Focused Growth	X	X	X	X	X					
Managed Solutions - Asia Focused Income	X	X	X	X	X					



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

Investment company with variable share capital
(*Société d'investissement à capital variable* or SICAV)
16, boulevard d'Avranches
L-1160 Luxembourg
Grand-Duchy of Luxembourg
R.C.S. Luxembourg No B 25 087

Notice to the shareholders of HSBC Global Investment Funds (the "Shareholders")

20 April 2016

Dear Shareholder,

We are writing to inform you about some important changes to HSBC Global Investment Funds ("**HSBC GIF**"), a *société d'investissement à capital variable* qualified as an undertaking for collective investment in transferable securities pursuant to Part I of the amended Luxembourg law of 17 December 2010.

On 20 June 2015, the registrar and transfer agent of HSBC GIF, HSBC Bank plc, Luxembourg Branch (the "**Registrar and Transfer Agent**") has sub-delegated certain processing activities including, but not limited to, investor account handling, transaction input, cash processing and reconciliation (the "**Outsourcing**") to a HSBC Group Shared Services Office which is a subsidiary or member of the HSBC Group in Malaysia (the "**Recipient**"). The Registrar and Transfer Agent will remain liable to HSBC GIF and the Shareholders for the provision of the outsourced services.

The Outsourcing is aligned with HSBC Group's strategic objective of streamlining its structure across its global operations and increasing its capacity and flexibility to accommodate the surge in trade volumes and the high quality of services that this requires. The Registrar and Transfer Agent has already received the approval of the Luxembourg financial regulator (the *Commission de Surveillance du Secteur Financier*) on the Outsourcing.

The directors of HSBC GIF believe that the Outsourcing is in the interest of Shareholders as this brings increased capacity, flexibility and quality of the services performed by the Registrar and Transfer Agent.

The said processing activities have been taken over by the Recipient for those Shareholders who agreed to the Outsourcing on 20 June 2015 in a manner to ensure there is no break in continuity of services currently provided by the Registrar and Transfer Agent. The Outsourcing will not affect the way in which the HSBC GIF is managed and how the orders are being placed with HSBC GIF. There are no changes to fees and charges as a result of the Outsourcing and there will be no additional costs incurred by you as a Shareholder as a result of the Outsourcing.

Please note that in order to maintain the same level of protection of personal data as in Luxembourg, the Registrar and Transfer Agent, the Recipient, HSBC GIF and its management company HSBC Investment Funds (Luxembourg) S.A. ("**HSBC IFL**") will enter into agreements based on the European Commission's model contracts for the transfer of personal data to third countries. In addition, HSBC GIF and HSBC IFL will notify the Luxembourg data protection authority (the *Commission Nationale pour la Protection des Données*) in relation to the transfer of personal data to the Recipient.

Currently, your shares are held via the nominee, HSBC Global Asset Management Holdings (Bahamas) Limited (the "**Nominee**") which appears in the register at HSBC GIF as the nominee shareholder. As a consequence of the Outsourcing, with effect from 20 May 2016, the Recipient will have access to and process certain information in relation to the Nominee, including but not limited to the information contained in the shareholders' register of HSBC GIF (the "**Information**"). The Information will therefore be processed outside the European Union in Malaysia

where confidentiality and personal data protection laws may not exist or be of a lower standard than in Luxembourg.

There is no impact to you as a Shareholder as your shares in HSBC GIF are held via the Nominee, therefore only the Information of the Nominee will be transferred to the Recipient and your personal data will not be transferred.

The Explanatory Memorandum of HSBC GIF will be updated in due course to reflect the above-mentioned Outsourcing and related data protection policy of HSBC GIF.

The Hong Kong Representative of HSBC GIF, HSBC Investment Funds (Hong Kong) Limited accepts responsibility for the accuracy of the contents of this document as at the date of publication.

Copies of the revised Explanatory Memorandum will be available in due course for inspection at the address of the Hong Kong Representative, at Level 22, HSBC Main Building, 1 Queen's Road Central, Hong Kong, on any business days.

If you have any queries, please direct these to your bank or financial adviser or alternatively you should contact the Hong Kong Representative at the above address (telephone number: (852) 2284 1229).

Yours faithfully,

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