



**This document is important and requires your immediate attention. If you are in any doubt about the contents of this letter, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser for professional advice.**

Capitalised terms in this document have the same meaning as in the Funds' explanatory memorandum (the "Explanatory Memorandum") unless otherwise specified.

28 July 2017

Dear unitholder,

**HSBC Managed Funds Series -  
HSBC Managed Stable Fund  
HSBC Managed Stable Growth Fund  
HSBC Managed Balanced Fund  
HSBC Managed Growth Fund (each a "Fund", collectively the "Funds")**

We, as Manager of the Funds, are writing to inform you of some changes to the Funds. Please find enclosed two notices:

Page 2: Changes applying to the Funds concerning the following:

- Clarifications of Investment Objectives and Policies of the Funds
- Removal of HSBC Global Asset Management (France) as the Funds' Investment Sub-Adviser
- Updates to Foreign Account Tax Compliance Act ("FATCA") and Inclusion of Automatic Exchange of Information ("AEOI")
- Updates to the section "Investment Restrictions" of the Explanatory Memorandum

Page 6: Changes applying to the Funds concerning the following:

- Reduction of trustee fee
- Notification of decrease in trustee fee
- Rebate of trustee fee

If you have any questions, please direct them to your financial adviser or usual HSBC contact or alternatively you should contact the Manager at Level 22, HSBC Main Building, 1 Queen's Road Central, Hong Kong (telephone number: (852) 2284 1229).

Yours faithfully,

**The Manager  
HSBC Investment Funds (Hong Kong) Limited**



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28 July 2017

Dear unitholder,

**HSBC Managed Funds Series -  
HSBC Managed Stable Fund  
HSBC Managed Stable Growth Fund  
HSBC Managed Balanced Fund  
HSBC Managed Growth Fund (each a "Fund", collectively the "Funds")**

We, as the Manager of the Funds, would like to inform you of the following changes to the Funds.

**1. Clarifications of Investment Objectives and Policies of the Funds**

The investment objectives and policies of the Funds currently set out in the Explanatory Memorandum are as follows:

Until 28 August 2017:

**HSBC Managed Stable Fund**

"The objective of this Fund is to achieve long term stable growth, whilst minimising the risk to investors. The aim is to provide stable returns without taking too much risk. The assets of the Fund will be invested in a diversified portfolio, with a bias towards global bonds. There will be a limited exposure to international and Hong Kong equities. The investment policy is conservative."

**HSBC Managed Stable Growth Fund**

"The objective of this Fund is to achieve medium capital growth with medium-low volatility by investing in a diversified portfolio of global bonds and equities with equal emphasis. The Fund will invest in equities and equity-related investments, deposits, debt securities and other investments."

**HSBC Managed Balanced Fund**

"The assets of the Fund are invested in a range of quoted first-class equities, government and corporate bonds and cash deposits in proportions determined by the Manager. The objective is to achieve steady long-term capital growth that will at least exceed Hong Kong inflation."

**HSBC Managed Growth Fund**

"The objective of the Fund is to maximise capital growth, whilst keeping risk at medium level. The Fund has a bias towards investment in global equities. Exposure to bonds and to cash deposits will be kept to a minimum."

With effect from 29 August 2017, the investment objectives and policies will be amended:-

From 29 August 2017:

#### **HSBC Managed Stable Fund**

“The objective of the Fund is to achieve long term stable growth, whilst minimising the risk to investors. The aim is to provide stable returns without taking too much risk.

The Fund may invest around 55% to 85% of its net asset value in global debt securities, bonds, money market instruments, deposits and cash. The remainder of the assets (i.e. 15% to 45% of the Fund’s net asset value) may be invested in global equities and equity-related investments. The intended asset allocation aforesaid is for indication only and may be changed as and when the Manager considers appropriate. The asset allocation approach will look to favour assets where the Manager believes future returns will be most suitable to the overall portfolio objectives in terms of risk and return. This will take into account valuation levels, the macro background and other relevant market factors. The asset allocation will be altered over time in the light of market developments. Under normal market circumstances, the Fund may invest up to 20% of its net asset value in bank deposits and/or cash. However, under exceptional market circumstances (including but not limited to market crash or major crisis), the Fund’s bank deposit and/or cash level may temporarily be up to 100% of its net asset value.

The Fund may invest at a maximum of 10% of its net asset value in collective investment funds (including Exchange Traded Funds (“ETFs”)) that help to achieve the investment objective of the Fund.

The Fund may not invest more than 10% of its net asset value in debt securities rated below investment grade (i.e. rated below Baa3 / BBB-) by Moody’s, Standard & Poor’s, or any other internationally recognised credit rating agency or unrated debt securities.

The Fund may use financial derivative instruments for both investment and hedging purposes including cash flow management and cash equitisation. Cash equitisation refers to the use of idle cash of the portfolio to simulate equity exposure with the prospect of generating additional gains from the long-term growth in equity markets. The financial derivative instruments to be used by the Fund for hedging include, but are not limited to, futures, foreign exchange forwards (including non-deliverable forwards) and credit swaps, while futures may also be used for investment purposes.”

#### **HSBC Managed Stable Growth Fund**

“The objective of the Fund is to achieve medium capital growth with medium-low volatility by investing in a diversified portfolio of global bonds and equities.

The Fund may invest around 35% to 65% of its net asset value in global debt securities, bonds, money market instruments, deposits and cash. The remainder of the assets (i.e. 35% to 65% of the Fund’s net asset value) may be invested in global equities and equity-related investments. The intended asset allocation aforesaid is for indication only and may be changed as and when the Manager considers appropriate. The asset allocation approach will look to favour assets where the Manager believes future returns will be most suitable to the overall portfolio objectives in terms of risk and return. This will take into account valuation levels, the macro background and other relevant market factors. The asset allocation will be altered over time in the light of market developments. Under normal market circumstances, the Fund may invest up to 15% of its net asset value in bank deposits and/or cash. However, under exceptional market circumstances (including but not limited to market crash or major crisis), the Fund’s bank deposit and/or cash level may temporarily be up to 100% of its net asset value.

The Fund may invest at a maximum of 10% of its net asset value in collective investment funds (including ETFs) that help to achieve the investment objective of the Fund.

The Fund may not invest more than 10% of its net asset value in debt securities rated below investment grade (i.e. rated below Baa3 / BBB-) by Moody’s, Standard & Poor’s, or any other internationally recognised credit rating agency or unrated debt securities.

The Fund may use financial derivative instruments for both investment and hedging purposes including cash flow management and cash equitisation. Cash equitisation refers to the use of idle cash of the portfolio to simulate equity exposure with the prospect of generating additional gains from the long-term growth in equity markets. The financial derivative instruments to be used by the Fund for hedging include, but are not limited to, futures, foreign exchange forwards (including non-deliverable forwards) and credit swaps, while futures may also be used for investment purposes.”

## **HSBC Managed Balanced Fund**

“The objective of this Fund aims to achieve steady long-term capital growth that will exceed Hong Kong inflation.

The Fund may invest around 55% to 85% of its net asset value in equities and equity-related investments. The remainder of the assets (i.e. 15% to 45% of the Fund’s net asset value) may be invested in global debt securities, bonds, money market instruments, cash instruments and cash. The intended asset allocation aforesaid is for indication only and may be changed as and when the Manager considers appropriate. The asset allocation approach will look to favour assets where the Manager believes future returns will be most suitable to the overall portfolio objectives in terms of risk and return. This will take into account valuation levels, the macro background and other relevant market factors. The asset allocation will be altered over time in the light of market developments. Under normal market circumstances, the Fund may invest up to 15% of its net asset value in bank deposits and/or cash. However, under exceptional market circumstances (including but not limited to market crash or major crisis), the Fund’s bank deposit and/or cash level may temporarily be up to 100% of its net asset value.

The Fund may invest at a maximum of 10% of its net asset value in collective investment funds (including ETFs) that help to achieve the investment objective of the Fund.

The Fund may not invest more than 10% of its net asset value in debt securities rated below investment grade (i.e. rated below Baa3 / BBB-) by Moody’s, Standard & Poor’s, or any other internationally recognised credit rating agency or unrated debt securities.

The Fund may use financial derivative instruments for both investment and hedging purposes including cash flow management and cash equitisation. Cash equitisation refers to the use of idle cash of the portfolio to simulate equity exposure with the prospect of generating additional gains from the long-term growth in equity markets. The financial derivative instruments to be used the Fund for hedging include, but are not limited to, futures, foreign exchange forwards (including non-deliverable forwards) and credit swaps, while futures may also be used for investment purposes.”

## **HSBC Managed Growth Fund**

“The objective of the Fund is to maximise capital growth, whilst keeping risk at medium level. The Fund has a bias towards investment in global equities.

The Fund may normally invest a minimum of 90% of its net asset value in equities and equity-related investments. The remainder of the assets may invest in global debt securities, bonds, money market instruments, cash instruments and cash. The intended asset allocation aforesaid is for indication only and may be changed as and when the Manager considers appropriate. The asset allocation approach will look to favour assets where the Manager believes future returns will be most suitable to the overall portfolio objectives in terms of risk and return. This will take into account valuation levels, the macro background and other relevant market factors. The asset allocation will be altered over time in the light of market developments. Under normal market circumstances, the Fund may invest up to 10% of its net asset value in bank deposits and/or cash. However, under exceptional market circumstances (including but not limited to market crash or major crisis), the Fund’s bank deposit and/or cash level may temporarily be up to 100% of its net asset value.

The Fund may invest at a maximum of 10% of its net asset value in collective investment funds (including ETFs) that help to achieve the investment objective of the Fund.

The Fund may not invest more than 10% of its net asset value in debt securities rated below investment grade (i.e. rated below Baa3 / BBB-) by Moody’s, Standard & Poor’s, or any other internationally recognised credit rating agency or unrated debt securities.

The Fund may invest 30% or more and up to 50% of its net asset value in the equities or equity related investments in Hong Kong.

The Fund may use financial derivative instruments for both investment and hedging purposes including cash flow management and cash equitisation. Cash equitisation refers to the use of idle cash of the portfolio to simulate equity exposure with the prospect of generating additional gains from the long-term growth in equity markets. The financial derivative instruments to be used by the Fund for hedging include, but are not limited to, futures, foreign exchange forwards (including non-deliverable forwards) and credit swaps, while futures may also be used for investment purposes.”

The above investment objectives and policies of the Funds are amended to enhance the current disclosures in order to clarify the existing investments of the Funds and the Manager’s current strategies.

## **2. Removal of HSBC Global Asset Management (France) as the Funds' Investment Sub-Adviser**

As part of intragroup business restructuring, with effect from 29 August 2017, HSBC Global Asset Management (France) will cease to be the Investment Sub-Adviser of the Funds. For the assets currently managed by HSBC Global Asset Management (France), the existing remaining Investment Sub-Adviser (i.e. HSBC Global Asset Management (UK) Limited) will take over its discretionary management functions.

## **3. Updates to Foreign Account Tax Compliance Act ("FATCA") and Inclusion of Automatic Exchange of Information ("AEOI")**

The Explanatory Memorandum has been updated to reflect FATCA updates and include AEOI disclosures.

## **4. Updates to the section "Investment Restrictions" of the Explanatory Memorandum**

The existing investment restrictions under the section "Investment Restrictions" of the Explanatory Memorandum have been further elaborated to reflect the existing practice that:

- when a Fund invests in other open ended unit trusts or mutual funds ("managed fund(s)") managed by the Manager or any of its connected persons, all initial charge on the managed funds must be waived;
- when a Fund invests in a managed fund, the Manager may not obtain rebate on any fees or charges levied by a managed fund or its management company; and
- the Manager currently has no intention to engage in securities lending, repurchase or reverse repurchase transactions or similar over-the-counter transactions for the Funds.

## **Consequences of Changes set out above**

There will be no change to the fee level/cost in managing the Funds (such as current and maximum trustee and management fees) in respect of the changes set out above. Further, there will be no material impact to the overall risk profile of the Funds or the way the Funds are being managed. The changes will not materially prejudice the unitholders' rights or interests.

The fees and expenses incurred in connection with the changes set out in item 2 above will be borne by the Manager and the fees and expenses incurred in connection with the changes set out in items 1, 3 and 4 above will be borne by the Funds.

As a unitholder, you may switch to any other Funds within the HSBC Managed Funds Series free of charge\* until 28 August 2017 or fully redeem your investment free of charge and the switching and redemption of your investment will be carried out in accordance with the normal terms disclosed in the Explanatory Memorandum. The revised Explanatory Memorandum and the Product Key Facts Statements containing information of the Funds reflecting the above-mentioned amendments will be available for inspection, free of charge, at the registered office of the Manager stated below. If you have any questions, please direct them to your financial adviser or usual HSBC contact or alternatively you should contact the Manager at Level 22, HSBC Main Building, 1 Queen's Road Central, Hong Kong (telephone number: (852) 2284 1229).

The directors of the Manager accept responsibility for the accuracy of the information contained in this letter as at the date of the mailing.

**The Manager**  
**HSBC Investment Funds (Hong Kong) Limited**

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



**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 consult your stockbroker, bank manager, solicitor, accountant or financial adviser.**

Capitalised terms in this notice have the same meaning as in the Explanatory Memorandum of the Funds unless otherwise specified.

**HSBC Managed Funds Series -  
HSBC Managed Stable Fund  
HSBC Managed Stable Growth Fund  
HSBC Managed Balanced Fund  
HSBC Managed Growth Fund (each a “Fund”, collectively the “Funds”)**

28 July 2017

Dear unitholder,

We, as the Manager of the Funds, are writing to inform you of the following changes to the Funds.

### **1. Reduction of trustee fee**

With effect from 1 July 2017, the rate of the trustee fee of each Fund was reduced from 0.1% per year to 0.07% per year of the net asset value of each Fund and the minimum monthly trustee fee was removed.

In addition, disclosures are enhanced that the Trustee is also entitled to various transaction and processing fees and to be reimbursed for all out of pocket expenses (including transfer agency fees, sub-custody fees and expenses) which the Trustee is currently authorised under the Trust Deeds to charge in the course of performing its duties.

The Explanatory Memorandum and the Product Key Facts Statement of each Fund have been amended to reflect the above changes. The amendments to the Explanatory Memorandum are presented at the Appendix to this letter for your ease of reference.

### **2. Notification of decrease in trustee fee**

With effect from 1 July 2017 any decrease in the annual trustee fee of each Fund from the current level may be implemented without giving 1 month’s notice to unitholders. However, unitholders will be notified of any decrease in the annual trustee fee as soon as practicable. For the avoidance of doubt, 1 month’s notice will be given to unitholders before any increase in the annual trustee fee from the current level up to the maximum level allowed under the Trust Deeds is implemented.

The Explanatory Memorandum has been amended to reflect the above changes. The amendments to the Explanatory Memorandum are presented at the Appendix to this letter for your ease of reference.

### **3. Rebate of trustee fee**

As a gesture of goodwill, the Trustee has decided to provide a one-off rebate of part of the fee previously received by the Trustee (the “**Rebate**”) to the Funds.

The Rebate was released and recognised as a gain in the books of the Funds on 19 July 2017, resulting in the following impact on the net asset value of the Funds:

Fund	Amount of one-off rebate of trustee fee	Amount expressed as a percentage of net asset value as of 19 July 2017	Effect on net asset value
HSBC Managed Stable Fund	USD 413,318	0.21%	Positive
HSBC Managed Stable Growth Fund	USD 232,435	0.53%	Positive
HSBC Managed Balanced Fund	USD 635,651	0.21%	Positive
HSBC Managed Growth Fund	USD 748,513	0.19%	Positive

### Consequences of changes set out above

Please note that other than reduction in trustee fees set out under above section (1), there will be no other changes in the fees (such as current and maximum management fees) payable by the Funds or unitholders in respect of the changes set out above. Further, there will be no material impact to the overall risk profile of the Funds or the way the Funds are being managed. The changes will not materially prejudice the unitholders' rights or interests.

The revised Explanatory Memorandum and the Product Key Facts Statements of the Funds containing information of the Funds reflecting the above-mentioned amendments will be available for inspection, free of charge, at the registered office of the Manager.

If you have any questions on any of the above matters, please direct them to your financial adviser or usual HSBC contact or alternatively you should contact the Manager at Level 22, HSBC Main Building, 1 Queen's Road Central, Hong Kong (telephone number: (852) 2284 1229).

The directors of the Manager accept responsibility for the accuracy of the information contained in this letter as at the date of the mailing.

**The Manager**  
**HSBC Investment Funds (Hong Kong) Limited**

### Appendix

From 1 July 2017
<p><u>Trustee fee</u></p> <p>The Trust Deeds allow the Trustee to receive an annual fee for its services not exceeding 0.25% per year of the net asset value of each Fund, accrued on and calculated as at each Valuation Day. The Trustee proposes to charge an annual fee at the rate of <b>0.07%</b> per year. Any <b>increase</b> in the <b>annual fee from the current level up to the maximum level allowed under the Trust Deeds</b> will only be implemented after giving <b>1 month's</b> notice to unitholders.</p> <p><b>The Trustee is also entitled to various transaction and processing fees and to be reimbursed for all out of pocket expenses (including transfer agency fees, sub-custody fees and expenses) properly incurred by it in the performance of its duties.</b></p>
Until 30 June 2017
<p><u>Trustee</u></p> <p>The Trust Deeds allow the Trustee to receive an annual fee for its services not exceeding 0.25% per year of the net asset value of each Fund, accrued on and calculated as at each Valuation Day. This is subject to a HK\$10,000 minimum monthly fee for each Fund. The Trustee proposes to charge an annual fee at the rate of 0.1% per year. Any change in the existing fee will only be implemented after giving 1 months' notice to unitholders.</p>