



IMPORTANT: 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.

4 January 2018

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.

I. Proposed changes of the Funds' investment policies

The following changes take effect from 9 April 2018 (the "Effective Date"):

A. Investment in other Collective Investment Schemes

1. Reasons for proposed change of investment policies

Currently each of the Funds directly invests in securities to achieve its investment objective. The fund size of the Funds has been declining, and the declining fund size is causing difficulty in managing the Funds efficiently and diversifying investments. Further, it is leading to an increase in the Funds' overall expenses level. This situation may be exacerbated if the fund size decreases further and the Funds continue to adopt the current approach of direct investments.

As diversification is an important part of overall risk management, the Manager considers the above situation not to be in the best interest of the investors. Therefore, from the Effective Date, the Manager will change the investment policies of the Funds to allow for increased investments up to 90% of each Fund's net asset value (from currently 10% of each Fund's net asset value) in other collective investment schemes. Through the flexibility provided to the Manager to invest in other collective investment schemes, the Manager expects to be able to obtain global exposure through the underlying securities of the collective investment schemes that the Funds invest in. This aims to address the issues of diversification and overall fund expense increment faced by the Funds caused by small fund size.

After the changes are implemented, the Manager selects collective investment schemes that may contribute to achieve the relevant Fund's investment objective, and the selection of collective investment schemes should not be limited by region, country, industry sector, market capitalization or debt securities grading that such schemes invest in. The underlying investments of the collective investment schemes include equities, fixed income and money market instruments, bank deposits and cash. While the collective investment schemes in which the Fund invests may have exposure to derivatives, such schemes will not use derivatives extensively for investment purposes.

2. Amendments to documentation

The Explanatory Memorandum and the Product Key Facts Statements of the Funds will be amended in light of the above. The amendments are made to, inter alia:

- (i) indicate that each Fund may seek to achieve its investment objective through direct investment and/or other collective investment schemes that the Fund may invest in;
- (ii) update each Fund's investment policy to reflect that the underlying collective investment schemes that each Fund may invest in will not use derivatives extensively for investment purposes;
- (iii) provide for an increased investment in other collective investment schemes;
- (iv) provide for the applicable investment restrictions when investments are made in such collective investment schemes, in compliance with the prevailing requirements under the SFC's Code on Unit Trusts and Mutual Funds; and
- (v) enhance the disclosures for risks associated with investment in other collective investment schemes.

Additional provisions will be inserted in the Trust Deeds to clarify the valuation rules in connection with interests held in other collective investment schemes. The relevant investment restrictions for investment in other collective investment schemes will also be revised.

3. Fund features, risks disclosures and other considerations

As a result of the above changes, the Funds may have an increased investment in other collective investment schemes. As such, investors should consider the potential risks of investing in other collective investment schemes. In particular:

- The Fund may invest in other collective investment schemes and will be subject to the risks associated with the underlying collective investment schemes. The Fund does not have control of the investments of the underlying collective investment schemes and there is no assurance that the investment objective and strategy of the underlying collective investment schemes will be successfully achieved which may have a negative impact to the net asset value of the Fund.
- Some of the underlying collective investment schemes in which the Fund may invest may not be regulated by the SFC. There may be additional costs involved when investing into these underlying collective investment schemes. There is also no guarantee that the underlying collective investment schemes will always have sufficient liquidity to meet the Fund's redemption requests as and when made.

B. Other changes in the investment objectives and policies

As from the Effective Date the following changes will be made to the investment objectives and policies of the Funds in the Explanatory Memorandum:

1. The wording of the investment objective and policies of the Funds will be revised to highlight the main types of assets in which each Fund will invest, instead of making references to the expected volatility, risk and return.
2. The definition of "cash equitisation" will be revised to better reflect how equitisation is conducted in practice.
3. Further explanations will be inserted in relation to the Funds' cash holding and the credit rating of debt securities.
4. For the HSBC Managed Growth Fund, the description of exposure to the Hong Kong market will be clarified to state that the Fund may invest up to 50% of its net asset value in the equities or equity related securities of companies which are domiciled in, based in, carry out the larger part of their business activities, or are listed on the stock exchange, in Hong Kong.

The Manager is making these changes to enhance information to investors, better reflect the investment policy and techniques of each Fund and align the language of investment objectives across the Funds.

For further details of the above changes in sections A and B above, please refer to the appendix to this notice where the current and revised investment objectives and policies of the Funds are set out.

II. Other updates to the Trust Deed

With immediate effect, the Trust Deeds of the Funds will be amended by way of supplemental deeds to bring relevant provisions in line with the “Code on Unit Trusts and Mutual Funds” and the “Guide on Practices and Procedures for Application for Authorization of Unit Trusts and Mutual Funds” issued by the SFC. In addition, some of the provisions relating to the investment restrictions of the Funds will be clarified.

III. Manager ceasing to act as Registrar’s Agent

The Manager no longer acts as Registrar Agent for the Funds. This change is made due to internal re-allocation of functions between different HSBC entities. Accordingly, the Explanatory Memorandum shall be amended with immediate effect.

IV. Means of publication of unit prices / suspension notices

With immediate effect, the Explanatory Memorandum will be amended to the effect that: (a) the issue and realisation prices for “A” Class units; and (b) notices regarding suspension of dealings or determination of the net asset value will be published on the Manager’s website: www.assetmanagement.hsbc.com/hk (the website has not been reviewed by the SFC).

In this connection, relevant provisions in the Trust Deeds concerning the means of publication of the above will also be amended by way of supplemental deeds.

In practice, newspaper publication of (a) and (b) above will continue in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times, until the Manager gives notification (through an appropriate medium) on cessation of such newspaper publication.

V. Notice period for management fee increase

With immediate effect, the notice period for an increase in the annual management fee from the current level up to the maximum level allowed under the Trust Deeds will change to one (1) month, in line with the current regulatory requirements.

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. The manner in which the Funds are managed will be changed as described above in section I of this notice. Further, there will be no material impact to the overall risk profile of the Funds. The changes will not materially prejudice the unitholders’ rights or interests.

The fees and expenses incurred in connection with the changes set out 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 8 April 2018 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 Trust Deeds (as amended), the revised Explanatory Memorandum and 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.*

Appendix: Investment objectives and policies of the Funds

Until 8 April 2018:

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 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 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.

From 9 April 2018:

HSBC Managed Stable Fund

The objective of the Fund is to achieve long term stable capital growth by investing in a diversified portfolio with a bias towards global bonds and fixed income instruments through direct investment and/or other collective investment schemes that the Fund may invest in.

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 (excluding the cash positions caused by subscription and redemption). 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 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. For this purpose, the credit rating of the debt securities refers to the credit rating assigned to such securities, or their issuers or holding companies.

The Fund may invest in aggregate up to 90% of its net asset value in units or shares of collective investment schemes. For schemes authorised by the SFC, or domiciled in recognised jurisdictions, such as Luxembourg, Ireland and the United Kingdom, the Fund's holding in each such scheme may not exceed 30% of the Fund's net asset value. For non-recognised jurisdiction schemes not authorised by the SFC, the total investment in all such schemes may not exceed 10% of the Fund's net asset value.

The Manager selects collective investment schemes that may contribute to achieve the Fund's investment objective, and the selection of collective investment schemes should not be limited by region, country, industry sector, market capitalization or debt securities grading that such schemes invest in. The underlying investments of the collective investment schemes include equities, fixed income and money market instruments, bank deposits and cash.

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 derivatives to achieve synthetic exposure for the purpose of avoiding performance drag from uninvested cash whilst searching for suitable investment opportunities. 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. While the collective investment schemes in which the Fund invests may have exposure to derivatives, such schemes will not use derivatives extensively for investment purposes.

HSBC Managed Stable Growth Fund

The objective of the Fund is to achieve long-term capital growth by investing in a diversified portfolio with a mixture of global equities and global bonds and fixed income instruments through direct investment and/or other collective investment schemes that the Fund may invest in.

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 (excluding the cash positions caused by subscription and redemption). 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 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. For this purpose, the credit rating of the debt securities refers to the credit rating assigned to such securities, or their issuers or holding companies.

The Fund may invest in aggregate up to 90% of its net asset value in units or shares of collective investment schemes. For schemes authorised by the SFC, or domiciled in recognised jurisdictions, such as Luxembourg, Ireland and the United Kingdom, the Fund's holding in each such scheme may not exceed 30% of the Fund's net asset value. For non-recognised jurisdiction schemes not authorised by the SFC, the total investment in all such schemes may not exceed 10% of the Fund's net asset value.

The Manager selects collective investment schemes that may contribute to achieve the Fund's investment objective, and the selection of collective investment schemes should not be limited by region, country, industry sector, market capitalization or debt securities grading that such schemes invest in. The underlying investments of the collective investment schemes include equities, fixed income and money market instruments, bank deposits and cash.

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 derivatives to achieve synthetic exposure for the purpose of avoiding performance drag from uninvested cash whilst searching for suitable investment opportunities. 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. While the collective investment schemes in which the Fund invests may have exposure to derivatives, such schemes will not use derivatives extensively for investment purposes.

HSBC Managed Balanced Fund

The objective of this Fund is to achieve long-term capital growth by investing in a diversified portfolio with a mixture of global equities and global bonds and fixed income instruments through direct investment and/or other collective investment schemes that the Fund may invest in.

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 (excluding the cash positions caused by subscription and redemption). 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 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. For this purpose, the credit rating of the debt securities refers to the credit rating assigned to such securities, or their issuers or holding companies.

The Fund may invest in aggregate up to 90% of its net asset value in units or shares of collective investment schemes. For schemes authorised by the SFC, or domiciled in recognised jurisdictions, such as Luxembourg, Ireland and the United Kingdom, the Fund's holding in each such scheme may not exceed 30% of the Fund's net asset value. For non-recognised jurisdiction schemes not authorised by the SFC, the total investment in all such schemes may not exceed 10% of the Fund's net asset value.

The Manager selects collective investment schemes that may contribute to achieve the Fund's investment objective, and the selection of collective investment schemes should not be limited by region, country, industry sector, market capitalization or debt securities grading that such schemes invest in. The underlying investments of the collective investment schemes include equities, fixed income and money market instruments, bank deposits and cash.

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 derivatives to achieve synthetic exposure for the purpose of avoiding performance drag from uninvested cash whilst searching for suitable investment opportunities. 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. While the collective investment schemes in which the Fund invests may have exposure to derivatives, such schemes will not use derivatives extensively for investment purposes.

HSBC Managed Growth Fund

The objective of the Fund is to achieve long-term capital growth by investing in a diversified portfolio with a bias towards global equities through direct investment and/or other collective investment schemes that the Fund may invest in.

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 (excluding the cash positions caused by subscription and redemption). 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 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. For this purpose, the credit rating of the debt securities refers to the credit rating assigned to such securities, or their issuers or holding companies.

The Fund may invest in aggregate up to 90% of its net asset value in units or shares of collective investment schemes. For schemes authorised by the SFC, or domiciled in recognised jurisdictions, such as Luxembourg, Ireland and the United Kingdom, the Fund's holding in each such scheme may not exceed 30% of the Fund's net asset value. For non-recognised jurisdiction schemes not authorised by the SFC, the total investment in all such schemes may not exceed 10% of the Fund's net asset value.

The Manager selects collective investment schemes that may contribute to achieve the Fund's investment objective, and the selection of collective investment schemes should not be limited by region, country, industry sector, market capitalization or debt securities grading that such schemes invest in. The underlying investments of the collective investment schemes include equities, fixed income and money market instruments, bank deposits and cash.

The Fund may invest up to 50% of its net asset value in the equities or equity related securities of companies which are domiciled in, based in, carry out the larger part of their business activities, or are listed on the stock exchange, 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 derivatives to achieve synthetic exposure for the purpose of avoiding performance drag from uninvested cash whilst searching for suitable investment opportunities. 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. While the collective investment schemes in which the Fund invests may have exposure to derivatives, such schemes will not use derivatives extensively for investment purposes.