HSBC Investment Funds

Prospectus

1 October 2019

Contents

Introduction

This document is important. If you are in any doubt as to the meaning of any information in this Prospectus you should consult your financial adviser.

HSBC Global Asset Management (UK) Limited, the Authorised Corporate Director ("the ACD") of the Company, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts, does not contain any untrue or misleading statement and does not omit anything likely to affect the import of such information or any matters required by the Collective Investment Schemes Sourcebook Instrument 2004 to be included in it. The ACD accepts responsibility accordingly.

This is the Prospectus of HSBC Investment Funds ("the Company") valid as at 1 October 2019. This Prospectus has been prepared by the ACD in accordance with the Collective Investment Schemes Sourcebook Instrument 2004.

The Company is incorporated in England and Wales as an investment company with variable capital under registered number IC73. The FCA Product Reference Number is 191822. The Shareholders are not liable for the debts of the Company.

Copies of this Prospectus have been sent to the Financial Conduct Authority and State Street Trustees Limited, the Depositary.

No person has been authorised by the Company to give any information or to make any representations in connection with the offering of Shares other than those contained in the Prospectus and, if given or made, such information or representations must not be relied upon as having been made by the Company. The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of Shares shall not, under any circumstances, create any implication that the affairs of the Company have not changed since the date hereof.

The distribution of this document and the offering or sale of Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company or the ACD that would permit an offer of Shares or possession or distribution of this document in any jurisdiction where action for that purpose is required, other than in the United Kingdom. This document does not constitute an offer of or an invitation to purchase or subscribe for any Shares by anyone in any jurisdiction in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such offer or invitation. Persons into whose possession this document comes are required by the Company and the ACD to inform themselves about and to observe any such restrictions. The document may be translated into languages other than English. In the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in any translation, the English text shall prevail.

Potential investors should not treat the contents of this document as advice relating to investment, legal, taxation or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Shares.

The provisions of the Company's Instrument of Incorporation are binding on each of its Shareholders (who are taken to have notice of them). This document has been approved for the purpose of the Financial Services and Markets Act 2000 by the ACD.

Shares in the Company are not listed on any stock exchange.

This Prospectus uses information that the ACD has made available to Shareholders and is based on UK law and practice at the date hereof. The Company cannot be bound by an out of date Prospectus when it has issued a new Prospectus and investors should check with the ACD that this is the most recently published Prospectus.

Definitions

"Accumulation Shares" means a type of share where the income earned by the Fund is retained in the Fund

"ACD" means HSBC Global Asset Management (UK) Limited, the Authorised Corporate Director of the Company

"Act" is the Financial Services and Markets Act 2000 as amended, replaced or re-enacted from time to time

"actively managed" means where a fund manager uses their expertise to pick investments to achieve a fund's objectives

"Administrator" means Northern Trust Global Services SE, which is appointed by the ACD to administer the Funds on its behalf

"Annual Management Charge" means the ongoing fee paid to the ACD for managing the Fund, usually charged as a percentage of the value of the Fund

"Approved Counterparty" means an FCA approved company who the fund manager will deal with when investing in derivatives

"Approved Security" means classes of securities which a fund manager can invest in. e.g. shares in companies, bonds or other forms of securities debt and any other negotiable securities. For further details, please refer to Appendix 3

"asset allocation" means dividing the money invested in a fund across different assets, such as in different geographical areas or by industry sectors such as oil and gas or financial companies

"asset backed bonds/securities" means asset-backed securities which will include credit card receivables, home equity loans, student loans and auto loans as well as mortgage-backed securities which are pooled mortgages sold to investors. These types of investment sit within the fixed-income sector

"associate" means a subsidiary of the HSBC Group

"bond(s)" means a loan, usually to a company or government, that pays interest

"bond index futures" means a contract stating that the holder agrees to purchase a bond index at a particular price on a specified future date

"Business Day" means any day that the London Stock Exchange (or its successor organisation) is open for business (except for, unless the ACD otherwise decides, the last business day before Christmas Day); and other days at the ACD's discretion

"Canadian Resident" means:

1. An individual, if
   (a) the individual's primary principal residence is located in Canada; or
   (b) the individual is physically located in Canada at the time of the offer, sale or other relevant activity.
2. A corporation, if
   (a) the corporation's head office or principal office is located in Canada; or
   (b) securities of the corporation that entitle the holder to elect a majority of the directors are held by Canadian Resident individuals (as described above) or by legal persons resident or otherwise located in Canada; or

(c) the individuals that make investment decisions or provide instructions on behalf of the corporation are Canadian Resident individuals (as described above).

3. A trust, if

(a) the principal office of the trust (if any) is located in Canada; or

(b) the trustee, or in the case of multiple trustees, the majority of trustees, are Canadian Resident individuals (as described above) or are legal persons resident or otherwise located in Canada; or

(c) the individuals that make investment decisions or provide instructions on behalf of the trust are Canadian Resident individuals (as described above).

4. A partnership, if

(a) the partnership's head office or principal office (if any) is located in Canada; or

(b) the holders of the majority of the interests of or in the partnership are held by Canadian Residents (as described above); or

(c) the general partner (if any) is a Canadian Resident (as described above); or

(d) the individuals that make investment decisions or provide instructions on behalf of the partnership are Canadian Resident individuals (as described above).

"client money" means money that we hold on behalf of investors in a bank account that is separate from our own money

"collective investment scheme" means a fund that more than one person contributes to with the aim of increasing the value of their investments or receiving income from a pooled investment. A fund manager will invest the pooled money into one or more types of asset, such as stocks, bonds or property

"Company" means HSBC Investment Funds

"contingent convertible bonds/securities" means bonds that are issued by a company that may be converted to shares of a company if a pre-specified event occurs

"conversion" means the exchange of one Share Class for Shares of another Share Class of the same Fund

"convertible bonds/securities" means bonds that are issued by a company that may be converted to shares of the company

"covered bonds" means bonds that are issued by a bank or mortgage company that are covered by a pool of assets in case the issuer becomes insolvent

"credit rating" means an assessment of the credit risk of a company, government or other organisation. It seeks to measure how likely it is that the issuer of a bond will be able to continue to make interest payments and repay the money loaned to it

"currency forward contracts" means a contract in the foreign exchange market that locks-in the exchange rate for the purchase or sale of a currency on a future date

"Dealing Day" means Monday to Friday (except for, unless the ACD otherwise decides, the last Business Day before Christmas Day, a bank holiday in England and Wales, any other day on which the London Stock Exchange or its successor organisation is closed or any other day on which the stock exchanges and/or regulated markets in countries where a sub-fund of the Company is materially invested are closed for normal trading); and other days at the ACD's discretion

"Depositary" means State Street Trustees Limited, the depositary of the Company

"**derivative(s)"** means an investment whose value is linked to another investment, or to the performance of a stock exchange or to some other variable factor, such as interest rates

"developed markets" means countries with relatively high levels of personal income and established economies

“dilution adjustment” means an amount you pay to cover the dealing costs incurred by the Fund when it buys or sells investments as a result of you buying or selling Shares in the Fund. It is normally only charged when those costs are large enough to have a negative impact on the value of the Shares remaining in the Fund and is used to protect the existing investors

“duration” means a measure of how long it takes in years for an investor in a bond to recoup the price they paid for the bond from its interest payments. It provides an indication of how much bond prices are likely to change if and when interest rates change

“efficient portfolio management (EPM)” means managing the Fund in a way that is designed to reduce risk or cost and/or generate income or growth

“Eligible Derivatives Markets” means derivative markets which the ACD, after consultation with and notification to the Depositary, has decided are appropriate for the purpose of investment of or dealing in the scheme property in accordance with the FCA Rules

“eligible institution” means one of certain institutions being a Banking Consolidation Directive (“BCD”) credit institution authorised by its Home State Regulator or an Investment Services Directive (“ISD”) investment firm authorised by its Home State Regulator as defined in the glossary to the FCA Handbook that a company or fund may borrow cash from

“emerging markets” means countries that are progressing toward becoming advanced, usually shown by some development in financial markets, the existence of some form of stock exchange and a regulatory body

“equity” or “equities” means shares issued by a company

“exchange traded” means a type of investment that is traded on a stock exchange

“FCA” means the Financial Conduct Authority or its successor organisation

“FCA Rules” means the handbook of rules issued by the FCA as amended or re-enacted from time to time

“Fund” or “**Funds”** means a sub-fund of the Company (being part of the scheme property of the Company which is pooled separately) to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective applicable to such sub-fund

“Group 1 Shares” are Shares held at the start of a distribution period and which continue to be held throughout the distribution period

“Group 2 Shares” are Shares that have been purchased during a distribution period

“growth” means the increase in the value of investments

“Haircut” means the additional percentage of an asset that is held as collateral to protect the lending parties if the market value of the collateral falls

“Hard Currency” means money that is issued by a country that is viewed as politically and economically stable, for example US Dollars

“hedge funds” means an investment fund that pools money from investors and invests in a variety of assets, often with complex investment strategies and risk management techniques

“hedge” or **“hedging”** means using derivative type investments as a way to reduce risk

“high yield bond” means a bond paying a higher level of interest but which has a lower credit rating than investment grade

“HSBC Group” means HSBC Holdings plc and its subsidiaries, as defined in Section 1159 of the Companies Act 2006

“income” means money generated by a fund, such as interest from a bond or a dividend from a share, which can be paid out to its investors or retained in the fund and reinvested

“Income Share” means a type of Share where the income earned by the Fund is paid out to you

“Initial Charge” means an up-front fee paid to the ACD when you buy Shares

“Instrument of Incorporation” means the instrument of incorporation of the Company, as amended from time to time, prepared and registered by the Company in accordance with the OEIC Regulations and FCA Rules

“investment grade” means a credit rating that indicates the issuer of a bond has a relatively low risk of being unable to make interest payments and repay the money to it

“larger denomination Shares” means any Share other than a smaller denomination Share

“liquidity” means the degree to which an investment can be quickly bought or sold on a market without affecting its price

“Local Currency” means money that is issued by a country in its own currency. The currency may fluctuate more in value where the status of the country is politically or economically uncertain

“Member State” means a member state of the European Community and any other state which is within the European Economic Area

“money market instruments” means investments usually issued by banks or governments that are a loan to the issuer by the buyer, held over a short period of time. The buyer receives interest and the return of the original amount at the end of a certain period

“Net Asset Value” or “**NAV”** means the value of the scheme property of the Company (or of any Fund as the context requires) less the liabilities of the Company (or of the Fund concerned) as calculated in accordance with the Company’s Instrument of Incorporation

“OEIC Regulations” means the Open-Ended Investment Companies Regulations 2001 (as amended or re-enacted from time to time)

“Ongoing Charges Figures (OCF)” means a measure of what it costs to invest in a fund. It includes the fee paid to the ACD and other operating costs

“over-the-counter” means a contract that is traded (and privately negotiated) directly between two parties, without going through an exchange or other intermediary

“preference shares” means shares of a company which entitle the holder to a fixed dividend, whose payment takes priority over that of ordinary share dividends. Preference shares may be convertible to the ordinary shares of a company

“Pricing and Valuation Committee” means the HSBC Pricing and Valuation Committee which has ultimate oversight responsibilities for the exceptions to pricing policies, which includes approving the methodologies for the valuation of illiquid securities. It is functionally independent of the ACD

“private equity” means investment funds, generally organised as limited partnerships, that buy and restructure companies that are not publicly traded

“property-related securities” means shares of property companies, that own, manage or develop property and Real Estate Investment Trusts (REITs), which are investment companies that own buildings and land

“Register” means the Register of Shareholders in the Fund

“returns” means the money made or lost on an investment

“scheme property” means the property of the Company required under the OEIC Regulations to be given for safe-keeping to the Depositary

“Share” or “**Shares”** means an equally valued holding in a Fund of the Company, representing part ownership of that Fund, (including larger denomination Shares and smaller denomination Shares)

“Share Class(es)” means one of the types of Share representing part ownership of the Fund that is different to other Share Classes for some reason, such as it pays out income rather than retaining it in the Fund

“Shareholder” means a holder of Shares in the Company

“smaller denomination Shares” means one hundredth of a larger denomination Share (designed to deal with fractional entitlements to Shares)

“SRRI” means the Synthetic Risk and Reward Indicator as defined in the Risk section of this document

“stewardship” means that as a fund manager we evaluate and actively engage with the companies in which the funds invest. We do this as we aim to invest responsibly and also with the aim of adding broader value to the funds’ investors. The ACDs policy on stewardship is available at www.assetmanagement.hsbc.com

“stocklending” means the process whereby those holding investments (such as a Fund) lend them to other parties who pay a fee for borrowing

“*supranational*” means international groups such as the European Union or World Trade Organisation

“switching” means the exchange of Shares of one Fund for Shares of another Fund

“UCITS” means an Undertaking for Collective Investment in Transferable Securities within the meaning of Article 1(2) of Council Directive 85/611/EEC of 20 December 1985, as amended from time to time

“UCITS Directive” means the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS)

“US” means the United States of America (including the States and the District of Columbia), its territories, possessions and all other areas subject to its jurisdiction

“US Law” means the laws of the United States of America (including the States and the District of Columbia), its territories, possessions and all other areas subject to its jurisdiction. US Law shall additionally include all applicable rules and regulations, as supplemented and amended from time to time, as promulgated by any US regulatory authority, including, but not limited to, the Securities and Exchange Commission and the Commodity Futures Trading Commission

“US Person” means the following:

1. An individual who is a resident of the US under any US Law.
2. A corporation, partnership, limited liability company, collective investment vehicle, investment company, pooled account, or other business, investment, or legal entity:
    a. created or organized under US Law;
    b. created (regardless of domicile of formation or organization) principally for passive investment (e.g. an investment company, fund or similar entity excluding employee benefit or pension plans):
        i. and owned directly or indirectly by one or more US Persons who hold, directly or indirectly, in aggregate a 10% or greater beneficial interest, provided that any such US Person is not defined as a Qualified Eligible Person under CFTC Regulation 4.7(a);
        ii. where a US Person is the general partner, managing member, managing director or other position with authority to direct the entity's activities;

iii. where the entity was formed by or for a US Person principally for the purpose of investing in securities not registered with the SEC unless such entity is comprised of Accredited Investors, as defined in Regulation D, 17 CFR 230.501(a), and no such Accredited Investors are individuals or natural persons; or

iv. where more than 50% of its voting ownership interests or non-voting ownership interests are directly or indirectly owned by US Persons;

c. that is an agency or branch of a non-US entity located in the US; or

d. that has its principal place of business in the US.

3. trust:

a. created or organized under US Law; or

b. where, regardless of domicile of formation or organization:

i. any settlor, founder, trustee, or other person responsible in whole or in part for investment decisions for the trust is a US Person;

ii. the administration of the trust or its formation documents are subject to the supervision of one or more US courts; or

iii. the income of which is subject to US income tax regardless of source.

4. An estate of a deceased person:

a. who was a resident of the US at the time of death or the income of which is subject to US income tax regardless of source; or

b. where, regardless of the deceased person's residence while alive, an executor or administrator having sole or shared investment discretion is a US Person or the estate is governed by US Law.

5. An employee benefit or pension plan that is:

a. established and administered in accordance with US Law; or

b. established for employees of a legal entity that is a US Person or has its principal place of business in the US.

6. A discretionary or non-discretionary or similar account (including a joint account) where:

a. one or more beneficial owners is a US Person or held for the benefit of one or more US Persons; or

b. the discretionary or similar account is held by a dealer or fiduciary organized in the US.

The Company may, from time to time, waive or modify the above restrictions.

"value creation" means, in financial terms, actions undertaken by a company that generate revenue for the company greater than its expenses or, more broadly, actions that increase sales of goods or services by a company and so increase the value of its brand

"volatility" means a measure of the size and frequency of changes in the value of an investment over a short space of time

"yield" means the income from an investment, usually stated as a percentage of the value of the investment

Words and phrases in this document and defined in the FCA Rules (but not here) shall bear the same meaning as in the FCA Rules unless the context shall otherwise require.

Company Details

HSBC Investment Funds is authorised by the FCA with effect from 4 August 2000.

Head Office

8 Canada Square, London E14 5HQ

This is the address in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on the Company

Base Currency

The base currency of the Company and each of the Funds is Pounds Sterling of the United Kingdom

Share Capital

Maximum: £100,000,000,000
Minimum: £100

Shares in the Company and Funds have no par value. The share capital of the Company will at all times equal the total sum of the Net Asset Values of each of the Funds.

Directory

The Company and Head Office:	**HSBC Investment Funds** 8 Canada Square, London E14 5HQ
Authorised Corporate Director:	**HSBC Global Asset Management (UK) Limited** 8 Canada Square, London E14 5HQ
Administrator:	**HSBC Global Asset Management (UK) Limited** **(delegated to Northern Trust Global Services SE)** PO Box 3733, Royal Wootton Bassett, Swindon SN4 4BG
Registrar:	**HSBC Global Asset Management (UK) Limited** **(delegated to Northern Trust Global Services SE)** 50 Bank Street, Canary Wharf, London, E14 5NT
Depositary:	**State Street Trustees Limited** Quartermile 3, 10 Nightingale Way, Edinburgh EH3 9EG
Auditors:	**KPMG LLP** 15 Canada Square, London E14 5GL

The Constitution of the Funds

Umbrella Company

The Company is authorised and the ACD is authorised and regulated by the FCA. The Company is structured as an “umbrella” company, in that the Company proposes to issue Shares linked to different Funds which have been established. The Company is a UCITS scheme and its FCA Product Reference Number is 191822.

Each Fund is invested as if it belongs to the “UCITS scheme” category specified in the FCA Rules. For investment purposes the assets of each Fund will be treated as separate and will be invested in accordance with the investment objective and investment policy of that Fund. The Funds set out below are those currently available.

Current Funds	FCA Product Reference Number
Balanced Fund	645380
Corporate Bond Fund	645382
Gilt & Fixed Interest Fund	645381
Global Equity Income Fund	779553
Global High Income Bond Fund*	779554
Income Fund	645384
Monthly Income Fund	645383
UK Growth & Income Fund	645385

* This Fund is currently being wound up and is no longer available for investment.

Details of the individual investment objective, investment policy investment strategy, SRRIs and Share Classes offered for each of the Funds can be found in Appendix 1.

The ACD has adopted, as its core principle in its business practice, the guidelines published by the FCA in regard to treating customers fairly, for the benefit of both Shareholders and the Company.

The historic performance of the Funds for the last five years (where available) can be found in Appendix 2.

Additional Funds and Share Classes

Further Funds and new Share Classes may be added in the future by the ACD from time to time with the approval of the FCA. On the introduction of any new Fund or new Share Class a revised Prospectus will be prepared.

For all Funds, the ACD reserves the right to invest or remove seed money at its discretion when it considers it appropriate to do so. Typically, seed money is invested when a new Fund and/or Share Class is launched and removed when the ACD considers the Fund and/or Share Class to be viable.

Allocation of Assets and Liabilities

Each Fund has a portfolio of assets to which that Fund’s assets and liabilities are attributable. So far as the Shareholders are concerned each Fund is treated as a separate entity.

The assets of a Fund of the Company belong exclusively to that Fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Company, or any other Fund of the Company, and shall not be available for any such purpose.

While this principle of segregation of assets and liabilities between the Funds is established in English law under the OEIC Regulations this is not the case across all jurisdictions.

Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether foreign courts will recognise and give full effect to this segregation.

Each Fund will be charged with the liabilities, expenses, costs and charges of the Company in respect of or attributable to that Fund as they occur.

Within the Funds, charges will be allocated between Share Classes in accordance with the terms of issue of Shares. Any expenses specific to a Share Class will be allocated to that Share Class and otherwise shall be allocated between Share Classes by the ACD in a manner that is considered fair to Shareholders. With the exception of the audit fee, which is allocated according to the complexity of the audit in respect of the relevant Fund, and the FCA authorisation fee, which is allocated equally between each Fund so authorised and then apportioned equally between all Share Classes of the relevant Fund, such fees will normally be allocated to all Share Classes in proportion to the respective Net Asset Value of the relevant Share Classes.

No charges will be allocated to the Retail B Income, Retail B Accumulations and CTF Accumulation Share Classes of the UK Growth & Income Fund, all such charges attributable solely to such Share Classes being borne by the ACD.

Any assets, liabilities, expenses, costs or charges not attributable to a particular Fund may also be allocated by the ACD in a manner which is considered fair to the Shareholders. They will normally be allocated to all Funds in proportion to the respective Net Asset Value of the relevant Funds.

Share Classes

The Instrument of incorporation allows Net Shares and Gross Shares to be issued.

Net Shares ("Net Income Shares or Net Accumulation Shares") are Shares in respect of which income allocated to them is distributed, in the case of Net Income Shares, or added to capital, in the case of Net Accumulation Shares, in accordance with relevant tax law, net of any tax deducted or accounted for by the Fund. It is expected that UK funds will continue to deduct income tax from interest distributions until April 2017.

Gross Shares ("Gross Income Shares or Gross Accumulation Shares") are only available to certain eligible investors subject to the minimum investment limit of the relevant Share Class and any other eligibility requirements of the ACD. The income allocated to such Shares is distributed, in the case of Gross Income Shares, or added to capital, in the case of Gross Accumulation Shares, without deduction of any income tax.

The Finance Bill 2017 removed the requirement for tax to be deducted from interest distributions of open ended investment companies. The changes took effect from 6 April 2017. As a result, the price of Net Shares will be calculated gross of tax on income starting from the first distribution period where a payment date falls on or after 6 April 2017 to reflect that income tax is no longer deducted from the interest distributions and UK tax is no longer accounted for on Net Share Classes for distributions after this date. Therefore there is no distinction between Gross Shares and Net Shares in this respect.

The Company may issue several Share Classes in respect of each Fund being Retail Income, Retail Accumulation, Retail B Income, Retail B Accumulation, Income C, Accumulation C, Institutional Income, Institutional Accumulation and CTF Accumulation, Institutional Gross Income and Institutional Gross Accumulation.

The Share Classes currently in issue are: Retail Income, Retail Accumulation, Retail B Income, Retail B Accumulation, Income C, Accumulation C, Institutional Income, Institutional Accumulation, Institutional Gross Accumulation and CTF Accumulation.

These Share Classes are distinguished on one or more of the following criteria: accumulation or distribution of income, minimum subscription, minimum holding, Annual Management Charge and distribution channel. All Funds are marketable to all investors, subject to the Share Dealing Restrictions on page 17.

The Share Classes available for each Fund are subject to the subscription criteria detailed below. For all Share Classes the ACD has discretion to apply lower minima than those stated. For details of charges specific to each Share Class, please refer to the Fees and Expenses section on page 47.

Share Classes Currently Offered in the Funds:

Share Class Name:	**Fund Share Classes offer to:**	
Retail Income	Balanced Fund Corporate Bond Fund Gilt & Fixed Interest Fund	Income Fund Monthly Income Fund UK Growth & Income Fund
Retail Accumulation	Balanced Fund Corporate Bond Fund Gilt & Fixed Interest Fund	Income Fund Monthly Income Fund UK Growth & Income Fund
Retail B Income	UK Growth & Income Fund	
Retail B Accumulation	UK Growth & Income Fund	
Income C	Available to all Funds	
Accumulation C	Available to all Funds	
Institutional Income	Corporate Bond Fund Gilt & Fixed Interest Fund	Global Equity Income Fund Global High Income Bond Fund*

Institutional Accumulation	Balanced Fund Corporate Bond Fund	Global Equity Income Fund Global High Income Bond Fund*
Child Trust Fund Accumulation	UK Growth & Income Fund	
Institutional Gross Accumulation	Corporate Bond Fund	

* This Fund is currently being wound up and is no longer available for investment.

Subscription criteria

The details of subscription and holding criteria are:

Retail Income and Retail Accumulation Share Classes:
These are Net Income and Net Accumulation Share Classes and each has a minimum initial subscription of £1,000 with a minimum additional subscription of £500 and a minimum redemption of £100.

Retail B Income and Retail B Accumulation Share Classes:
These are Net Income and Net Accumulation Share Classes. Each has a minimum initial subscription of £500. The minimum additional subscription is £100. Both Share Classes are only available to Shareholders who held Shares in the HSBC Household Names* sub-fund as at 13 January 2006 or otherwise at the discretion of the ACD. The minimum redemption on both Share Classes is £100.

**** The Household Names Fund was a sub-fund of this OEIC which was merged into the UK Growth & Income Fund on 13 January 2006.***

Income C and Accumulation C Share Classes
These are Net Income and Net Accumulation Share Classes. The minimum initial subscription is £1,000,000. The minimum additional subscription is £1,000.

Institutional Income and Institutional Accumulation Share Classes: These are Net Income and Net Accumulation Share Classes. Each has a minimum initial subscription of £10,000,000. The minimum additional subscription is £1,000,000. Each Share Class is only available to companies within the HSBC Group or otherwise at the discretion of the ACD.

Institutional Gross Income and Institutional Gross Accumulation Share Classes: These are Gross Income and Gross Accumulation Share Classes. Each has a minimum initial subscription of £10,000,000. The minimum additional subscription is £1,000,000. These Share Classes are only available to companies within the HSBC Group or otherwise at the discretion of the ACD.

CTF Accumulation Share Class
This Share Class is a net accumulation Share Class. The initial subscription is £10. The minimum additional subscription is £10 per month.

The CTF Accumulation Share Class is only available to the Child Trust Fund Manager, currently HSBC Trust Company (UK) Limited, or otherwise at the discretion of the ACD.

The Finance Bill 2017 removed the requirement for tax to be deducted from interest distributions of open ended investment companies. The changes took effect on 6 April 2017. As a result, the price of Net Shares is now calculated gross of tax on income starting from the first distribution period where a payment date falls on or after 6 April 2017 to reflect that income tax is no longer deducted from interest distributions and UK tax is no longer accounted for on Net Share classes for distributions after this date. Therefore there is no distinction between Gross Shares and Net Shares in this respect.

Holding criteria

The minimum holding for all Share Classes is the same as the minimum initial subscription.

Exceptions to Subscription Criteria

Exceptions
The ACD may, at its absolute discretion, allow investment into a Share Class where the investor does not meet the minimum subscription criteria as set out above. Such exceptions may be permitted for any share class for HSBC Group companies, institutional or retail investors.

Discounts
In certain circumstances the ACD may, at its absolute discretion, agree to a rebate of a proportion of its Annual Management Charge.

Regular Savers
The ACD operates a regular savings plan for the Retail Accumulation and the Retail B Accumulation Share Classes subject normally to a minimum monthly subscription of £50 in any one Fund and a minimum additional subscription of £10 per month. The minimum holding for a regular saver if contributions are to cease is £1,000.

Conversions

Shareholders are entitled (subject to certain restrictions) to convert all or part of their Shares in a Share Class for Shares of another Share Class within the same Fund. Details of this conversion facility and the restrictions are set out in Share Conversion section on page 21.

Switching

Shareholders are entitled (subject to certain restrictions) to switch all or part of their Shares in a Share Class or a Fund for Shares in another Share Class or Fund. Details of this switching facility and the restrictions are set out in Dealing in Shares on page 17.

Income and Accumulation Shares

Holders of Retail Income Shares, Retail B Income Shares, Income C Shares, Institutional Income Shares and Institutional Gross Income Shares will receive distributions of income.

Holders of Retail Accumulation Shares, Retail B Accumulation Shares, Accumulation C Shares, Institutional Accumulation Shares, Institutional Gross Accumulation Shares and CTF Accumulation Shares do not receive payments of income as these are Accumulation Shares and any income arising in respect of an Accumulation Share is automatically accumulated and reflected in the price of each Accumulation Share.

Shareholders' liability to tax is explained in more detail in the Section "Taxation" on page 53.

Tax vouchers or certificates of deduction of income tax for both Income Shares and Accumulation Shares will be issued in respect of distributions made or accumulated and tax accounted for.

Each allocation of income made in respect of any Fund at a time when more than one Share Class is in issue in respect of that Fund will be done by reference to the relevant Shareholder's proportionate interests in the scheme property of the Fund in question. Shareholders must have their distribution of income paid direct to their bank or building society current account.

Where both Income Shares and Accumulation Shares are in existence in relation to a Fund, the relevant Shareholder's proportionate interest in the scheme property of the Fund represented by each Accumulation Share increases as income, if any, is accumulated. In these circumstances, the income of the Fund is allocated between Income Shares and Accumulation Shares according to the relevant Shareholder's proportionate interests in the scheme property of the Fund represented by the Income Shares and Accumulation Shares in existence at the end of the relevant accounting period.

Governing Law

An investment in Shares is governed by English law.

Dealing in Shares

The ACD's Share dealing lines are open from 9.00 am until 5.00 pm on each Business Day.

A list of the Business Days which are not Dealing Days will be published in relation to each Fund on the ACD's website; www.assetmanagement.hsbc.com, or you can call the Fund Servicing Centre on 0800 358 3011 (international +44 (0)800 358 3011). Lines are open from 9.00 am to 5.00 pm Monday to Friday (excluding public holidays). To help the ACD and the Administrator continually improve their services and in the interests of security, they may monitor and/or record your communications with them.

Pricing

The Company deals on the basis of "single pricing". This means both the issue and the redemption price of a Share at a particular valuation point will be the same.

The price of a Share in the Company is calculated by reference to the Net Asset Value ("NAV") of the Fund to which it relates. The Share Class NAV is derived from the Fund NAV proportionate to the value of the assets attributable to each Share Class. The price of a Share is calculated by dividing the Share Class NAV by the number of Shares of that Share Class in issue. In addition the ACD may make an Initial Charge on Shares purchased (such charge is currently 0%). The ACD also reserves the right to make a redemption charge (often referred to as an Exit Charge) on Shares sold. Although no such redemption charge is currently intended, if the ACD were to levy such a charge, the amount of the charge would be taken from the proceeds of the investment before they are paid out. If the ACD decides to increase the Initial Charge or introduce a redemption charge in the future it will only do so after giving an appropriate period of notice to Shareholders (see "Fees and Expenses" section on page 47).

For both purchases and sales, a dilution adjustment may be made to the price of a Share (see section titled "Dilution" on page 49).

For all Funds the Company deals on a forward pricing basis only (and not on the basis of published prices). A forward price is the price calculated at the next valuation point (refer to the Valuation Section on page 27) after the deal instruction is received.

As indicated in the Valuation section on page 27, in determining the Net Asset Value of a Fund an estimated amount is deducted for anticipated tax liabilities at that point in time including (but not limited to) income tax where applicable in respect of income received by a Fund during an accounting period. For Net Shares, the price that Shareholders receive when they buy, sell, switch or convert Shares therefore reflects any income received during the accounting period and accounted for by the Fund net of any income tax and other liabilities. Prospective investors should consider whether this method of valuation meets with their investment needs. Note that for the Corporate Bond Fund and the Gilt & Fixed Interest Fund, the price that Shareholders receive from 15 January 2017 is calculated gross of tax on income received by the Fund from this date. For the Global High Income Bond Fund*, the price that Shareholders receive from 24 May 2017 is calculated gross of tax on income received by the Fund from this date.

* This Fund is currently being wound up and is no longer available for investment.

The prices of Shares will be published on the ACD's website; www.assetmanagement.hsbc.com, or you can call the Fund Servicing Centre on 0800 358 3011 (international +44 (0)800 358 3011). Lines are open from 9.00 am to 5.00 pm Monday to Friday (excluding public holidays). To help the ACD and the Administrator continually improve their services and in the interests of security, they may monitor and/or record your communications with them.

Share Dealing Restrictions

The Administrator may refuse or delay your application for the purchase of Shares or your instruction for the sale of Shares. In these circumstances the Administrator will use reasonable endeavours to contact you personally unless it is not permitted to do so. In particular, applications to purchase Shares may be refused if the ACD or the Administrator:

(a) reasonably believes that you are not eligible to hold Shares under the terms of the relevant Fund prospectus;

(b) reasonably considers that by accepting your instruction it may break a law, regulation, code, court order or other duty; or

(c) becomes aware or has reason to believe you are resident in or otherwise connected to a country into which the ACD is not permitted to distribute or offer the Shares; or

(d) if, subsequent to a Shareholder's investment in the Company, the Shareholder becomes a US Person, such Shareholder:

    (i) will be restricted from making any additional investments in the Company; and

    (ii) as soon as practicable have its Shares compulsorily redeemed by the Company (subject to the requirements of applicable law); or

(e) reasonably believes you are not eligible to hold Gross Shares and/or you have not completed a Declaration of Eligibility to hold Gross Paying Shares

The ACD may, from time to time, waive or modify the above restrictions.

In addition, the ACD or the Administrator also have the right to refuse to sell Shares to a prospective investor if:

(a) there are reasonable grounds relating to the circumstances of the applicant; or

(b) the number or value of the Shares applied for is less than the minimum for that Share Class.

The Administrator may also refuse to accept applications for subscriptions or switches of Shares in a Fund which it knows, or in its absolute discretion considers to be, associated with market timing activities.

In general terms, market timing activities are strategies which may include frequent purchase and sale of Shares, with a view to profiting from anticipated changes in market prices between valuation points or arbitraging on the basis of market price changes subsequent to those used in the valuation of a Fund.

Such market timing activities are disruptive to Fund management, may lead to additional dealing charges which cause losses/dilution to a Fund and may be detrimental to performance and to the interests of long-term Shareholders.

In the event of any of the above occurrences, the Administrator will return any money sent, or the balance of such monies, at the risk of the applicant.

In accordance with the requirements arising under FATCA (more detail can be found in the Taxation Section on page 53), an application from a non-personal investor to purchase Shares will require such documentation as the ACD may require to establish the investor's status under FATCA and payment for the investment amount must accompany the application.

When the payment is received it will be held in accordance with the FCA Rules and Shares will be purchased to avoid unnecessary delay in making the investment and comply with the requirements of timely execution. However, the Shares will not be registered in the applicant's name until the W Form (or such other form that the ACD may require) has been validated. Following validation, the Shares will be registered in the name of the applicant.

If the W Form (or such other form that the ACD may require) cannot be validated, the Administrator will contact the applicant requesting further information and/or a replacement form. Once this has been received and validated the Shares will be registered in the applicant's name.

If a new W Form (or such other form that the ACD may require) is not received by the date advised, or the application is withdrawn after the Shares have been purchased, the Shares will be sold and the money will be returned to the applicant, at the risk of the applicant. In these circumstances, the applicant may receive less than the original investment amount as a result of market movement.

Shares of the Company may not be offered or sold to any US Person.

The Shares described in this prospectus may only be distributed in Canada through HSBC Global Asset Management (Canada) Limited, and this prospectus may not be used to solicit, and will not constitute a solicitation of, an offer to buy Shares in Canada unless such solicitation is made by HSBC Global Asset Management (Canada) Limited. A distribution or solicitation may be deemed to occur in Canada where a distribution or solicitation is made to a Canadian Resident at the applicable time.

Investment in the Shares for the purpose of creating a structured product replicating the performance of the Fund(s) is only permitted after entering into an agreement to this effect with the ACD. In the absence of such an agreement, the ACD can refuse or repurchase an investment into the Shares if this is related to a structured product and deemed by the ACD to potentially conflict with the interest of other Shareholders.

Buying Shares

Investors, including regular savers, wishing to buy Shares must initially provide a completed application form/registration document and appropriate anti-money laundering documentation to the Administrator. Subsequently, applications to buy Shares can be made by telephoning the Administrator's Fund Servicing Centre on 0800 358 3011 Requests to subsequently alter regular savings amounts must be notified to the Administrator in writing.

Application forms are available from the ACD by writing to the Administrator, by telephoning the Administrator's Fund Servicing Centre on 0800 358 3011 or by visiting the website www.assetmanagement.hsbc.com, choose "United Kingdom" then "Individual Investors" or "Financial Intermediary" then choose "Fund Centre". Choose a fund that you would like to consider, each fund listed has a "Fund Literature" tab that contains the application form as well as the prospectus and key investor information document (KIID) that you should read prior to making your decision. The ACD may introduce other methods by which Shares can be purchased in the future.

Any subscription monies remaining after a whole number of Shares has been issued will not be returned to the applicant. Instead, smaller denomination Shares will be issued in such circumstances.

The register and all documentation sent to Shareholders will show the number of larger denomination Shares and smaller denomination Shares of the same Share Class.

If a Shareholder has title to more than 100 smaller denomination Shares of any one Share Class then sufficient smaller denomination Shares will be consolidated to one larger denomination Share, so that the Shareholder has title to less than 100 smaller denomination Shares.

The Administrator may at any time, for the purposes of effecting a transaction in Shares with a Shareholder, substitute that Shareholder's entitlement to one or more larger denomination Shares into an entitlement to smaller denomination Shares of the same Share Class, in a ratio of one larger denomination Share to 100 smaller denomination Shares.

Applications to buy Shares will not be acknowledged. However, a contract note will be issued by the end of the Business Day following the later of the day of receipt by the Administrator of the application for the purchase of Shares or the day of the valuation point by reference to which the purchase price is determined. Where appropriate, applicants will be informed of their right to cancel. The contract note will give details of the Shares purchased and the price used.

If a cleared payment is not received by the time and date specified in the contract note the instruction to buy Shares may be cancelled and in such circumstances no Shares will be issued to the applicant.

The applicant or their financial intermediary will be liable for the cost of the cancellation. Furthermore, failure to make payment by the date specified may result in the Company or the ACD bringing an action against the defaulting applicant or their intermediary, or deducting any costs or losses incurred by the Company or the ACD against any existing holdings of the applicant.

Certificates will not be issued in respect of Shares.

Ownership of Shares will be evidenced by an entry on the Company's Register of Shareholders (the "Register"). The Registrar may delay updating the Register to reflect the ownership of Shares until such time as it has received a cleared payment in respect of the Shares.

Once a cleared payment has been received, if any Shareholder requires evidence of title to Shares then upon such proof of identity as it shall reasonably require the Registrar will provide the Shareholder with a certified copy of the relevant entry in the Register.

Shareholders will be able to monitor their holdings by a statement showing transactions in Shares and current holdings which will be sent out to all Shareholders (or in the case of joint holdings to the first named) twice a year by the ACD. The Register is prima facie evidence of entitlement to Shares. Shareholders must notify the ACD of any change of address. Individual statements of Shareholders' (or in the case of joint holdings, the first named) Shares will also be issued at any time on request by the registered holders. The right is reserved to make a charge for duplicate copies of statements.

Selling Shares

A Sole Shareholder wishing to sell Shares should telephone the Administrator's Fund Servicing Centre on 0800 358 3011 or write to the Administrator. In the case of joint Shareholders wishing to sell Shares the Administrator will need to receive written instructions signed by all registered Shareholders. The ACD may introduce other methods for selling Shares in the future. The ACD does not currently accept electronic instructions for the sale of Shares.

Instructions to sell are irrevocable.

Shareholders are entitled on any Dealing Day to request that the Company redeem their Shares in accordance with the procedures set out below.

A contract note giving details of the number and prices of Shares sold will be sent to the selling Shareholder (the primary holder in the case of joint holders). If written instructions are required this will be accompanied by a form of renunciation for completion and execution by the Shareholder (or in the case of joint holders, by all the joint holders). This will be sent no later than the end of the Business Day following the later of:

(a) the day of the request to sell Shares; or

(b) the day of the valuation point by reference to which the redemption price is determined.

For all Funds (with the exception of the Gilt & Fixed Interest Fund) redemption monies will be paid within three Business Days of the later of:

(a) the receipt by the Administrator of the telephone request to sell, or where written instructions are required, the form of renunciation (or other sufficient written instructions) duly signed by all the relevant Shareholders and completed as to the appropriate number of Shares, together with any other appropriate evidence of title; and

(b) the valuation point following receipt by the Administrator of the request to sell.

In the case of the Gilt & Fixed Interest Fund, redemption monies will be paid on the next Business Day following the later of (a) and (b) above.

Where the Administrator is unable to pay money out to you, for example the proceeds from the sale of Shares for which supporting documentation is needed, the money may, subject to the FCA Rules, be held by the ACD as client money in a client bank account with HSBC Bank plc and/or other financial institutions. No interest will be paid to you in respect of any client money held in the client money bank account.

While the ACD does not accept liability for acts, omissions and defaults of authorised financial institutions that hold client money on its behalf, in the event of insolvency you may be an eligible claimant under the Financial Services Compensation Scheme and be entitled as an individual to claim up to £85,000 in respect of the total cash you hold directly and indirectly hold with the failed financial institution.

Where amounts of client money are held that are deemed to be de minimis amounts as set out in the FCA Rules, the ACD may after a period of six years has elapsed following the date of the last movement on the relevant account, pay away such amounts to charity provided it has made at least one attempt to contact the rightful beneficial owner(s) as set out in the FCA Rules, being the registered Shareholder, and the Shareholder has not responded to the communication within 28 days of the communication being issued. The ACD does not require the consent of Shareholders to do this.

After a period of six years has elapsed (following the date of the last movement on the relevant account as set out in the FCA Rules) any unclaimed client monies which remain in the ACD's client money account which do not meet the FCA's defined de minimis criteria, may be paid away to a registered charity of the ACD's choice. Before doing so the ACD must ensure that it has taken all reasonable steps in accordance with the FCA Rules, to ensure payment of the client monies to their rightful beneficial owner(s).

In all circumstances monies paid to a charity would no longer be treated as client money. The making of a payment of unclaimed client money to a charity would not prevent a Shareholder from making a future claim to the ACD for repayment of such client monies upon production to the ACD of satisfactory evidence of their entitlement to those monies.

Treatment of Client Money when Buying or Selling Shares

With the exception of monthly direct debits made by regular savers, when the Administrator receives money following an application to buy Shares, or when it receives the proceeds from the Fund when Shares are sold, the Client Money Rules allow the ACD a period of one Business Day before it must treat that money as Client Money. This is called the Delivery versus Payment ("DvP") exemption and it is an exception to the general requirement that money held for investors must always be held in a Client Money bank account. When the ACD uses the DvP exemption, at certain periods of time money that you pay to it when you buy Shares, or money that the ACD is due to pay you when you sell Shares is held in the ACD's own bank account. During this time it does not receive the same level of protection as it would receive if it was held in a Client Money bank account. Any monthly direct debit payments made by regular savers will be held as Client Money from the date of collection until the settlement date for the relevant Fund. Any cheque payments made by the ACD to you will be issued from a Client Money Account.

Any Client Money will be held in a Client Money bank account at a UK bank and /or other financial institutions. No interest is paid in respect of any monies held in the Client Money bank account. In the event that HSBC Global Asset Management (UK) Limited, HSBC Bank plc (or a third party bank with which your money is deposited) were to fail, the FCA's Client Money distribution rules contained in the FCA rules apply to your Client Money. The purpose of the Client Money distribution rules is to protect your interests with the aim of making the timely return of your money following any such failure.

Minimum Redemption

Shareholders may sell part of their holding but the Administrator reserves the right to refuse a redemption request if the value of the Shares of any Fund to be redeemed in the Retail Share Class is less than £100 or where the remaining holding in a Share Class would fall below the stated minimum for that Share Class if it were effected. In this circumstance the ACD may require redemption of the entire holding.

Share Conversion

Subject to the qualifications and restrictions shown below, a Shareholder may request to convert all or some of his Shares of one Share Class ("the Original Shares") for the appropriate number of Shares of another Share Class in the same Fund ("New Shares") The ACD may not impose restrictions as to the Share Classes of New Shares unless there are reasonable grounds relating to the circumstances of the Shareholder or the terms of the issue of the Share Class concerned for refusing to issue Shares of a particular Share Class to him. In no circumstances will a Shareholder who exchanges Shares of one Share Class for Shares of another Share Class in the same Fund be given a right by law to withdraw from or cancel the transaction.

The number of New Shares issued is determined by the following formula:

$$N = \frac{O \times (CP \times ER)}{SP}$$

Where N is the number of New Shares, O is the number of Original Shares to be converted, CP is the price at which one Original Share can be redeemed, ER is 1 (for the same currency Shares or an appropriate exchange rate where the currency of the Shares involved are different) and SP is the price of a New Share (in the cases of CP and SP at the applicable valuation point). Each number referred to in the definition of N or O shall be expressed to the second decimal place and rounded thereto in the case of N, so that the numbers before the decimal point represent the number of larger denomination Shares and the numbers after the decimal point when multiplied by 100 represents the number of smaller denomination Shares.

If the conversion would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Share Class concerned, the ACD may (at its discretion) convert the whole of the applicant's holding of Original Shares to New Shares or refuse to effect any conversion of the Original Shares.

The New Shares will retain the same Group 1 Shares and Group 2 Shares split (where applicable) as that held with the Original Shares until the next distribution date. Equalisation will be applied to Group 2 Shares.

A Shareholder wishing to convert Shares should send written instructions and, if converting to a Gross Paying Shares, a Declaration of Eligibility to hold Gross Paying Shares, to the Administrator. Any instructions to the Administrator must be signed by all registered Shareholders. Where instructions to convert are received and the New Shares are Income Shares, the ACD may require written bank account details in order to pay income distributions. The ACD may however, delay or reject an application for a conversion of Shares if, in its opinion, to undertake such a transaction within the Fund would be detrimental to the other Shareholders.

Notification must be received by the Administrator before the valuation point on a Dealing Day in the Fund concerned, to be dealt with at the price at the valuation point on that Dealing Day or at such other valuation point as the ACD at the request of the Shareholder giving the relevant exchange notice may determine. A conversion request received after a valuation point will be held over until the next Dealing Day. If a conversion instruction relates to Original Shares for which a cleared payment has not been received, the Administrator may delay converting the Shares until any outstanding payment is received and cleared.

Conversions will be effected by the Administrator recording the change of Share Class on the Register at the date of conversion.

Conversion instructions, once given, are irrevocable. A conversion is not treated as a redemption of Shares and will, therefore, not be deemed a disposal for the purposes of Capital Gains Tax.

The ACD does not propose to charge a fee for conversions.

Switching

Subject to the qualifications below, a Shareholder may at any time switch all or some of his Shares of one Fund ("the Original Shares") for the appropriate number of Shares of another Fund ("New Shares") (whether of the same or a different Share Class). In no circumstances will a Shareholder who exchanges Shares in one Fund for Shares in another Fund be given a right by law to withdraw from or cancel the transaction. The number of New Shares issued is determined by the following formula:

$$N = \frac{O \times (CP \times ER)}{SP}$$

Where N is the number of New Shares to be issued, O is the number of Original Shares to be exchanged, CP is the price at which one Original Share can be redeemed, ER is 1 (for the same currency Shares or an appropriate exchange rate where the currency of the Shares involved are different) and SP is the price at which a New Share can be purchased (in the cases of CP and SP at the applicable valuation point). Each number referred to in the definition of N or O shall be expressed to the second decimal place and rounded down thereto in the case of N, so that the numbers before the decimal point represent the number of larger denomination Shares and the numbers after the decimal point when multiplied by 100 represents the number of smaller denomination Shares.

Where it is desired to switch Shares between Share Classes issued in respect of the same or different Funds, the ACD may not impose restrictions as to the Share Classes of New Shares unless there are reasonable grounds relating to the circumstances of the Shareholder or the terms of the issue of the Share Class concerned for refusing to issue or sell Shares of a particular Share Class to him.

If the switch would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Share Class concerned, the ACD may (at its discretion) switch the whole of the applicant's holding of Original Shares to New Shares or refuse to effect any switch of the Original Shares. No switch will be made during any period when the right of Shareholders to require the redemption of their Shares is suspended.

The general provisions on procedures relating to redemption will apply equally to a switch. Shareholders wishing to switch Shares held in their sole name should send written instructions to the Administrator or telephone the Administrator's Fund Servicing Centre on 0800 358 3011. However in the case of joint Shareholders the switch cannot be carried out until the Administrator has received written instructions signed by all registered Shareholders.

Where instructions to switch are received over the telephone and the New Shares are Income Shares, the ACD may request written bank account details in order to pay income distributions.

Notification must be received by the Administrator before the valuation point on a Dealing Day in the Fund or Funds concerned to be dealt with at the prices at those valuation points on that Dealing Day, or at such other valuation point as the ACD at the request of the Shareholder giving the relevant exchange notice may determine. A switching request received after a valuation point will be held over until the next Dealing Day.

If a Shareholder switches Original Shares in one Fund for New Shares in another Fund the ACD may impose a switching fee and in certain circumstances make a dilution adjustment to the price of a Share. Details of these charges are described in Fees and Expenses section on page 47.

The ACD may adjust the number of New Shares to be issued to reflect the imposition of any switching fee together with any other fees, charges or levies in respect of the issue or sale of the New Shares or repurchase or cancellation of the Original Shares as may be permitted pursuant to the FCA Rules.

Switching instructions, once given, are irrevocable.

It should be noted that a switch of Original Shares in one Fund for New Shares in any other Fund is treated as a redemption and will, for persons subject to United Kingdom taxation, be a disposal for the purposes of Capital Gains Tax.

Dealing Charges

The charges applicable to all dealings in Shares are set out in the Fees and Expenses Section on page 47.

Compulsory Transfer and Redemption

Shares in the Company may not be acquired or held by any person in circumstances ("relevant circumstances"):

(a) which constitute a breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or

(b) which would (or would if other Shares were acquired or held in like circumstances) result in the Company incurring any liability to taxation or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory).

In this connection, the ACD may (amongst other things) reject any subscription, sale, transfer or switching of Shares.

If it comes to the notice of the ACD that any Shares ("affected Shares") have been acquired or are being held directly or beneficially in any of these relevant circumstances or by virtue of which the Shareholder in question is not qualified to hold such Shares or if it reasonably believes this to be the case, the ACD may give notice (an "action notice") to the holder of the affected Shares requiring the transfer of such Shares to a person who is qualified or entitled to own them or may give a request in writing for the redemption or cancellation of such Shares in accordance with the FCA Rules.

If any person upon whom such a notice is served does not within 30 days after the date of such notice transfer his affected Shares to a person qualified to own them or establish to the satisfaction of the ACD (whose judgement shall be final and binding) that he and any person on whose behalf he holds the affected Shares are qualified and entitled to own them, he may be deemed upon the expiration of the 30 day period to have given a request in writing for the redemption or cancellation of all the affected Shares pursuant to the FCA Rules.

A person who becomes aware that he has acquired or holds affected Shares in any of these relevant circumstances, or by virtue of which he is not qualified to hold such affected Shares, shall forthwith, unless he has already received an action notice, either transfer all his affected Shares to a person qualified to own them or give a request in writing for the redemption of all his affected Shares pursuant to the FCA Rules.

The ACD may also redeem the Shares held by a Shareholder where:

(a) the value of the Shares held by the Shareholder is lower than the minimum holding amount set out in the Subscription Criteria section on page 15 for the Share Class held by the Shareholder; and

(b) the Shareholder is not eligible to hold any other Share Class for the same Fund in accordance with the subscription and holding criteria also set out in the Subscription Criteria section on page 15.

The redemption and payment of redemption monies will be carried out in accordance with the procedures set out in the Selling Shares section on page 20. The ACD will give 60 days' prior notice to Shareholders before undertaking such a mandatory redemption of Shares.

Compulsory Exchange

The ACD may convert some or all of the Shares ("Original Shares") of one Share Class held by a Shareholder to the appropriate number of Shares ("New Shares") of another Share Class for the same Fund in the following circumstances:

(a) where the ACD has considered and reasonably believes that the conversion to another Share Class would be beneficial to the Shareholder. The conditions under which a conversion is beneficial may vary for different Shareholders, however this is likely to be the case where the Annual Management Charge of another Share Class for the same Fund is lower than the Annual Management Charge for the existing Share Class held by the Shareholder. The ACD will give 60 days' prior notice to Shareholders before undertaking such a mandatory conversion of Shares; or

(b) where the value of the Shares held by a Shareholder is lower than the minimum holding amount, set out in the Subscription Criteria on page 15, for the Share Class held by the Shareholder. The ACD may convert the Shares to another Share Class that the Shareholder is eligible to hold in accordance with the Subscription Criteria set out on page 15. The ACD will give 60 days' prior notice to Shareholders before undertaking such a mandatory conversion of Shares; or

(c) where a distribution of income remains unclaimed by a Shareholder for consecutive distributions as set out in the table below then the ACD may convert the Share Class to Accumulation Shares.

Monthly distributions	19 uncashed distribution cheques
Quarterly distributions	7 uncashed distribution cheques
Half yearly distributions	4 uncashed distribution cheques
Yearly distributions	3 uncashed distribution cheques

The ACD will give 60 days' prior notice to Shareholders before undertaking such a mandatory conversion of Shares.

(d) If it comes to the notice of the ACD that any Gross Income Shares or Gross Accumulation Shares ("affected Shares") have been acquired by or are being held directly or beneficially by a Shareholder that is not eligible to hold such Shares, or if it reasonably believes this to be the case, the ACD may exchange such Shares from Gross Income Shares or Gross Accumulation Shares to Net Income Shares or Net Accumulation Shares as the case may be. The ACD will give 60 days' prior notice to Shareholders before undertaking such a mandatory conversion of Shares.

A person who becomes aware that he has acquired or holds affected Shares which are Gross Income Shares or Gross Accumulation Shares which he is not eligible to hold such affected Shares shall forthwith give notice of this to the ACD. Upon receipt of such notice the ACD may exchange such Shares from Gross Income Shares or Gross Accumulation Shares to Net Income Shares or Net Accumulation Shares as the case may be. Any tax charge incurred by the Company resulting from the exchange will be recoverable from the Shareholder in any adjustment made of the new Net Income Shares or Net Accumulation Shares issued.

The number of New Shares will be determined in accordance with the formula set out in the Share Conversion section on page 21.

In Specie Redemptions

If a Shareholder requests the redemption or cancellation of Shares representing more than 5% (or such smaller percentage as the ACD may decide) of the Fund's Net Asset Value the ACD may arrange that in place of payment of the price of the Shares in cash, the Company cancels the Shares and transfers scheme property or, if required by the Shareholder, the net proceeds of sale of relevant scheme property, to the Shareholder.

Before the proceeds of the cancellation of Shares become payable, the ACD must give written notice to the Shareholder that the scheme property or the proceeds of the sale of scheme property will be transferred to that Shareholder.

The scheme property to be transferred will be selected by the ACD in consultation with the Depositary with a view to achieving no more advantage or disadvantage to the Shareholder requesting cancellation/ redemption than to the continuing Shareholders of the Fund concerned.

The scheme property to be transferred or the proceeds of sale of the relevant scheme property shall be subject to the retention by the Company of scheme property or cash equivalent in value to any redemption charge under the FCA Rules and any duty or tax, or amounts owing by the Shareholder to the Company to be paid in relation to the redemption of Shares.

In Specie Applications

In exceptional circumstances the ACD may at its discretion and by special arrangement, agree to arrange for the Company to issue Shares in exchange for assets other than money, provided the Depositary has taken reasonable care to ensure that the acquisition of those assets in exchange for the Shares is not likely to result in any material prejudice to the interests of Shareholders of the Fund concerned.

The ACD will ensure that the beneficial interest in the assets is transferred to the Company with effect from the issue of the Shares.

The ACD will not issue Shares in any Fund in exchange for assets, the holding of which would be inconsistent with the investment objective of that Fund.

General

To satisfy a request for the issue, redemption or exchange of Shares, the ACD will normally sell Shares to or re-purchase Shares from Shareholders to meet such requests. The ACD is entitled to hold Shares for its own account and to satisfy requests for sales from its own holding. In some circumstances and in accordance with the FCA Rules, the Company will issue or cancel Shares to meet such requests. The FCA Rules require the ACD to procure the issue or cancellation by the Company where necessary to meet any obligation to sell or redeem Shares. The ACD is under no obligation to account to the Company or to Shareholders for any profit it makes on the issue, reissue or cancellation of Shares and will not do so.

The amount to be charged by or paid to the ACD for the sale of a Share by the ACD will not be more than the price of a Share notified to the Depositary at the relevant valuation point plus any Initial Charge and/or dilution adjustment to the issue price of a Share which may apply.

The amount to be paid by the ACD for the redemption of a Share will not be less than the price of a Share notified to the Depositary at the relevant valuation point minus any redemption charge or dilution adjustment to the redemption price of a Share which may apply.

Each of the Funds is designed and managed to support longer-term investment and active trading is discouraged. High value or frequent trading into and out of a Fund may harm performance by disrupting portfolio management strategies and by increasing expenses.

The ACD may at its discretion refuse to accept applications for, or conversion or switching of, Shares, especially where transactions are deemed disruptive, particularly from possible market timers or investors who, in its opinion, have a pattern of high value or frequent trading or whose trading has been or may be disruptive to the Fund(s). For these purposes, the ACD may consider an investor's trading history in the Fund(s) or other HSBC funds and accounts under common ownership or control.

Money Laundering

Under current UK money laundering legislation, persons conducting investment business are responsible for compliance with money laundering regulations. So as to ensure compliance, appropriate identification enquiries may be made in certain circumstances whether in respect of the sale, purchase or transfer of Shares or distribution of income. Until satisfactory proof of identity and address is provided, the Administrator reserves the right, in the case of a purchase or transfer of Shares, to refuse to carry out the transaction requested and in the case of a sale of Shares, to hold the proceeds in a client money account until such time as the appropriate information is received. In the case of a sale of Shares, where appropriate proof of identity and verification of address is not received from you, the ACD also reserves the right to cancel the deal and, in such cases, the ACD may refuse to accept any further instruction to sell your Shares until such time as full identity and verification of address is received.

Suspension of Dealings in the Company

The ACD may (with the prior agreement of the Depositary and will if the Depositary so requires) temporarily suspend the issue, cancellation, sale, redemption, conversion and switching of any Share Class in any of the Funds where, due to exceptional circumstances, it is in the interests of all the Shareholders in the Fund. Such suspension shall be allowed to continue for as long as it is justified having regard to the interests of Shareholders.

Shareholders will be notified of any suspension as soon as reasonably practicable after suspension commences, including details of the exceptional circumstances which have led to the suspension, in a clear, fair and not misleading way and giving Shareholders details of how to find further information about the suspensions. Where such suspension takes place, the ACD will publish details on its website or other general means, sufficient details to keep Shareholders appropriately informed about the suspension, including, if known, its possible duration.

During the suspension none of the obligations in Section 6.2 (Dealing) of the FCA Rules will apply but the ACD will comply with as much of Section 6.3 (Valuation and Pricing) of the FCA Rules during the period of suspension as is practicable in light of the suspension.

Suspension will cease as soon as practicable after the exceptional circumstances leading to the suspension have ceased but the ACD and the Depositary will formally review the suspension at least every 28 days and will inform the FCA of the review and any change to the information given to Shareholders.

During the period of suspension the ACD may, at its discretion, agree to issue, redeem, convert or switch Shares at prices calculated by reference to the first valuation point after resumption of dealing.

Valuation

The price of a Share in the Company is calculated by reference to the Net Asset Value of the Fund to which it relates. The Net Asset Value per Share of a Fund is currently calculated as at 12 noon on each Dealing Day.

The ACD may at any time carry out an additional valuation if it is considered desirable to do so.

A list of the Business Days which are not Dealing Days will be published in relation to each Fund on the ACD's website; www.assetmanagement.hsbc.com, or you can call the Fund Servicing Centre on 0800 358 3011 (international +44 (0)800 358 3011). Lines are open from 9.00 am to 5.00 pm Monday to Friday (excluding public holidays). To help the ACD and the Administrator continually improve their services and in the interests of security, they may monitor and/or record your communications with them.

Calculation of the Net Asset Value

The value of the scheme property of a Fund is the value of its assets less the value of its liabilities determined in accordance with the following provisions:

1. All the scheme property (including receivables) of the Company (or the Fund) is to be included, subject to the following provisions.
2. Property which is not cash (or other assets dealt within 3 below) or a contingent liability transaction shall be valued as set out below and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
   (a) units or shares in a collective investment scheme:
      (i) if a single price for buying and selling units or shares is quoted, at that price; or
      (ii) if separate buying and selling prices are quoted, the average of the two prices provided the buying price has been reduced by any Initial Charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or
      (iii) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the units or shares, at the value which, in the opinion of the ACD, is fair and reasonable;

   (b) any other transferable security:
      (i) if a single price for buying and selling the security is quoted, at that price; or
      (ii) if separate buying and selling prices are quoted, at the average of the two prices; or
      (iii) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no price exists, or if the most recent price available does not reflect the ACD's best estimate of the value of the security, at a value which, in the opinion of the ACD, is fair and reasonable;

   (c) property other than that described in (a) and (b) above:
      (i) at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price (where available); or
      (ii) where a mid-market price is not available, through the Pricing and Valuation Committee which has ultimate oversight responsibilities in relation to exceptions to pricing policies, which include approving the methodologies for the valuation of illiquid securities.

3. Cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.

4. Property which is a contingent liability transaction shall be treated as follows:

   (a) if a written option (and the premium for writing the option has become part of the scheme property), deduct the amount of the net valuation of premium receivable. If the property is an off-exchange derivative it shall be included at a valuation using a method agreed between the ACD and the Depositary;

   (b) if an off-exchange future, it shall be included at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;

   (c) if any other form of contingent liability transaction, include at the net value of margin on closing out (whether as a positive or negative value). If the property is an off-exchange derivative it shall be included at a valuation using a method agreed between the ACD and the Depositary.

5. In determining the value of the scheme property, all instructions given to issue or cancel Shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.

6. Subject to paragraphs 7 and 8 below, agreement for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission shall not materially affect the final net asset amount.

7. Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 6.

8. All agreements are to be included under paragraph 6 which are, or ought reasonably to have been, known to the person valuing the property.

9. Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax value added tax., stamp duty and stamp duty reserve tax.

10. Deduct an estimated amount for any liabilities payable out of the scheme property and any tax thereon treating periodic items as accruing from day to day.

11. Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.

12. Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.

13. Add any other credits or amounts due to be paid into the scheme property.

14. Add a sum representing any interest or any income accrued due or deemed to have been accrued but not received.

15. Currencies or values in currencies other than the base currency or (as the case may be) the designated currency of a Fund shall be converted at the relevant valuation point at an exchange rate that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

16. Where stocklending is undertaken, income received from stocklending transactions will be accrued and received into the income account of the relevant Fund and reflected in that Fund’s NAV. Allocation of income in respect of the stocklending transaction is set out in Appendix 3, Part F.

Income Equalisation

The price of a Share is based on the value of the proportionate interest of that Share Class in the relevant Fund including its proportionate interest in the income of the Fund since the preceding distribution or, in the case of Accumulation Shares, deemed distribution. In the case of the first distribution received, a part of the amount, namely the equalisation payment, is treated by HM Revenue & Customs as a return of the price paid by the Shareholder for his Shares and is not taxable as income in the hands of the Shareholder. However, this amount must be deducted from the cost of the Share in computing any capital gains.

In the case of Accumulation Shares, no equalisation payment is made and so no adjustment need be made to the cost of the Shares for the purposes of Capital Gains Tax.

Equalisation does not apply to Group 1 Shares, which are Shares already held at the beginning of the distribution period. It applies only to Group 2 Shares, which are Shares purchased during the relevant distribution period.

Risks

The following are important warnings and potential investors should consider the following risk factors before investing in the Company.

The risk categories that specifically apply to each Fund of the Company are shown in Appendix 1.

General

There are inherent risks in investing in securities markets. Security prices are subject to market fluctuations and can move irrationally and be unpredictably affected by many and various factors including political and economic events and market rumours.

There can be no assurance that any appreciation in the value of investments will occur. The value of investments and the income derived from them may go down as well as up and investors may receive back less than the original amount invested.

There is no guarantee that the investment objectives of any Fund will be achieved.

It is important to note that past performance cannot be regarded as an indication of future performance. Please remember that inflation will reduce what you could buy in the future with your investment.

The ACD will monitor the management of the Funds to ensure the risks published remain relevant and that any change to the risk exposure is communicated to the Shareholders.

New Funds

There is a risk that if any new Fund(s) launched do not receive the level of investment we expect, the proportion of charges and expenses may be higher and the value of investment consequently reduced.

Cancellation

Except in the case of the CTF Accumulation Share Class, if you make an investment we will give you 30 days in which to exercise your cancellation rights. In the case of the CTF Accumulation Share Class we will give you 14 days in which to exercise your cancellation rights. If you cancel your investment within the cancellation period, you will receive a refund of your Initial Charge (if applicable) but you may get back less than the amount you originally invested if the market has fallen in that time.

Efficient Portfolio Management (EPM) and Counterparty Risk

The Funds will be subject to the risk of the inability of any counterparty to perform its contractual obligations either by failing to pay or failing to deliver securities. If a counterparty defaults, the relevant Fund may suffer losses as a result.

The Funds may use EPM, however there is no guarantee that the use of EPM will result in a positive effect for any Fund and its investors and may result in losses.

Where a Fund enters into stocklending transactions, there is no counterparty risk as the Fund is indemnified. Any government securities are guaranteed by the government, or a government department or agency of the country concerned.

There is no guarantee that any Fund will achieve the objective for which it entered into a transaction in relation to EPM. The Company has ceased undertaking any stocklending transactions in respect of the Funds however, it may recommence its stocklending programme at any time subject to this prospectus being updated accordingly. Stocklending transactions may, in the event of a default by the counterparty, result in the securities lent being recovered late or only in part. Where stocks are lent, collateral is received in return and will be held by the Depositary.

Alternative Investments

There are additional risks associated with specific alternative investments within the portfolios; these investments may be less readily realisable than others and it may therefore be difficult to sell in a timely manner at a reasonable price or to obtain reliable information about their value; there may also be greater potential for significant price movements.

Hedge funds often engage in borrowing money to increase returns and other speculative investment practices that may increase the risk of investment loss. They can be difficult to sell, are not required to provide periodic pricing or valuation information to investors, and may involve complex tax structures and delays in distributing important information. Alternative investments are often not subject to the same regulatory requirements as, say, Funds and often charge high fees that may potentially offset trading profits when they occur.

Private equity investments are generally illiquid, long-term investments that do not display the liquidity or transparency characteristics often found in other investments (e.g. listed securities). It can take a longer time for money to be invested as well as a longer time for investments to produce returns after initial losses

Investments in commodities (basic goods or services, such as oil) may be subject to greater volatility than investments in traditional investment types. They may be affected by disease, climatic changes and international economic and political developments, which may cause individual commodity prices to rise or fall sharply

Leverage Risk

Leveraging may occur as a result of transactions carried out for the purposes of EPM and borrowing.

The use of derivatives instruments can involve risks different from, and in certain cases greater than, the risks associated with more traditional assets. The value of derivative contracts is dependent upon the performance of underlying assets. A small movement in the value of the underlying assets can cause a large movement in the exposure and value of derivatives. Leverage risk can occur due to investment leverage (gearing) resulting from using derivatives for investment purposes, where the gross market risk of the Fund is greater than the value of its net assets. When this happens the value of the Fund can go up or down by more than expected relative to the performance of the markets and/or assets the Fund is invested in. There is also leverage risk associated with using instruments that contain derivatives, although where these derivative instruments are used for efficient portfolio management purposes, the total market risk should not be greater than the NAV. Thus typically the value of the Fund should not go up nor down more than expected had these derivative instruments not been used. Unlike exchange traded derivatives, over-the-counter derivatives have credit and legal risk associated with the counterparty or the institution that facilitates the trade.

Furthermore, where the Fund undertakes borrowing the Fund will incur interest charges on the amount borrowed and in circumstances where the amount borrowed is in a different currency to the base currency of the Fund, the Fund will be exposed to an additional currency risk. In addition, if the borrowing is used to purchase assets for the Fund or to retain assets in the Fund following redemptions from Shareholders, the Fund will be exposed to an additional market risk on the borrowed amount. Each Fund is limited to borrowing not more than 10% of its net asset value on any Business Day and such borrowing shall be on a temporary basis only and shall not exceed a period of three months.

Collateral Risk

Collateral received, other than cash, will be highly liquid and traded on a regulated market or a multilateral trading facility with transparent pricing, will be of a high quality and valued on at least a daily basis. Assets that exhibit high price volatility will not be accepted as collateral unless suitably conservative Haircuts are in place.

When accepting collateral, such collateral will be sufficiently diversified in terms of country, markets and issuers and preference will be given to high-quality governmental bonds denominated in the currency of the relevant Fund. The collateral received by the Fund must equal or exceed, in value, an amount allowing the net exposure to counterparty risk to remain below the limit of 10% of the Fund's NAV and it will be valued on at least a daily basis. The collateral must be issued by an entity that is independent from

the counterparty and is expected not to display a high correlation with the performance of the counterparty. Where there is a title transfer, the collateral received should be held by the Depositary.
For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision and which is unrelated to the provider of the collateral. The collateral must be held at the credit risk of the counterparty and must be immediately available to the relevant Fund without recourse to the counterparty in the event of a default by that entity

Collateral may be in the form of cash or non-cash.

Non-cash collateral cannot be sold or pledged, will be marked to market daily, will be issued by an entity independent of the counterparty and will be diversified such that no more than 10% of the collateral may be represented by the securities of any one issuer. The credit quality of the non-cash collateral will be consistent with the investment objectives and policies of the relevant Fund.

Collateral held in cash may not be held on deposit with the counterparty or any of its affiliates or associated companies.

Cash collateral may only be:

- placed on deposit with entities prescribed in Article 50(f) of the UCITS Directive;
- invested in high-quality government bonds;
- used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Fund is able to recall at any time the full amount of cash on accrued basis;
- invested in short-term money market funds as defined in the Guidelines on a Common Definition of European Money Market Funds.

The counterparty will forfeit its collateral if it defaults on the transaction. However, if the collateral is in the form of securities, there is a risk that when those securities are sold they will realise insufficient cash to settle the counterparty's debt to the Fund or to purchase replacements for the securities that were lent to the counterparty. This may result in losses for investors.

Fixed Income Securities

Fixed interest securities include corporate bonds and gilts. If the yield on a corporate bond, gilt or other fixed interest security is fixed and interest rates go up, the relative yield will be reduced as may its capital value. In addition investing in corporate bonds carries the risk of the issuer becoming insolvent. In this case the bondholder would rank as an unsecured creditor in the liquidation and may not recover all or any of the debt due.

High Yield Fixed Income Securities

Income offered by bonds often reflects, in part, the risk rating of the issuer. The Funds can invest in sub investment grade bonds, which may produce a higher level of income than investment grade bonds, but carry increased risk of default on repayment. This may affect the level of income you receive and/or the capital value of your investment.

Furthermore, the Funds may invest in the highest yielding sectors of the fixed income universe, including but not limited to, non-investment grade corporate bonds (high yield bonds) and all other types of debt instrument available globally (loan agreements, structured debt, emerging market debt). This may affect the level of income you receive and/or the capital value of your investment. The higher income offered by these bonds often reflects, in part, the higher credit risk associated with these instruments. It also reflects a higher level of liquidity risk: at times liquidity conditions of these instruments may worsen, and underlying funds may be forced to sell their holdings at unfavourable prices.

Convertible Securities

Convertible securities are fixed income securities, preferred stocks or other securities that may be converted or exchanged (by the holder or by the issuer) into shares of the underlying common stock (or cash or securities of equivalent value) at a stated price or rate. Their price may decline as interest rates increase and, conversely, increase as interest rates decline.

The convertible bond market value tends to reflect the market price of the common stock of the issuing company when that stock price approaches or is greater than the conversion price of the convertible security. Convertible securities tend to be subordinate to other debt securities issued by the same issuer.

The difference between the conversion value and the price of convertible securities will vary over time depending on changes in the value of the underlying common stocks and interest rates. Consequently, the issuer's convertible securities generally entail less risk than its common stock but more risk than its debt obligations.

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:

- Trigger Level Risk
  Trigger levels differ and determine exposure to conversion risk. It might be difficult for the Investment Adviser of a 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.

- 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 reinstatement 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.

- Capital structure inversion risk
  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.

- 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.

- 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 manager of the relevant Fund to assess how the contingent convertible securities will behave upon conversion. In case of conversion into equity, the investment manager might be forced to sell these new equity shares since the investment policy of the relevant 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 Fund experiencing some loss.

- 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 Fund may lose its entire investment or may be required to accept cash or securities with a value less than its original investment.

- 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.

- 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.

- Sector Concentration Risk
  Contingent convertible securities are issued by banking and insurance institutions. The performance of a 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 Fund following a more diversified strategy.

- 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 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.

- 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.

Asset Backed Bonds/Securities

In general, asset backed securities and mortgage backed securities are debt securities with interest and capital payments backed by a pool of financial assets such as mortgages and loans, with collateral backing often provided by physical assets such as residential or commercial property, or are supported by unsecured loan cash flows without physical asset backing.

The investment characteristics of asset backed securities differ from traditional debt securities. The major difference is that the principal is often paid in stages and may be fully repaid at any time because of the terms of the underlying loans. This variability in timing of cash flows makes estimates of future asset yield and weighted average life uncertain.

The broad asset backed securities market also includes synthetic Collateralised Debt Obligations (CDO). These usually have shorter maturities and are referenced to debt obligations or other structured finance securities.

Asset backed securities and mortgage back securities are subject the general risks for Fixed Income Securities and High Yield Fixed Income Securities and the following additional risks:

- Prepayment Risk
  The frequency at which prepayments occur on loans underlying asset backed securities will be affected by a variety of factors including interest rates as well as economic, demographic, tax, social, legal and other factors. Generally, fixed rate mortgage holders often prepay their mortgage loans when prevailing mortgage rates fall below the interest rates on their mortgage loans subject to mortgage finance availability and no material change in the value of the property or the borrowers' credit worthiness.

Subordinated Risk
Investments in subordinated asset backed securities involve greater risk of default and loss than the senior classes of the issue or series. Asset backed securities deals are structured into tranches such that holders of the most junior securities absorb losses before more senior tranches.

When losses have been absorbed by the most junior tranche, the next most junior tranche will absorb subsequent losses. Investors in junior tranches can carry high capital risk and may face a complete loss.

- Capital Value Risk
The rate of defaults and losses on residential mortgage loans will be affected by a number of factors, including general economic conditions and those arising in the property location, the borrower's equity in the mortgaged property and the financial circumstances of the borrower. If a residential mortgage loan is in default, foreclosure of such residential mortgage loan may be a lengthy and difficult process, and may involve significant expenses. Furthermore, the market for defaulted residential mortgage loans or foreclosed properties may be very limited.

Most commercial mortgage loans underlying mortgage backed securities are full recourse obligations of the borrower which is usually a Special Purpose Vehicle (SPV). If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgage loans, payments on the subordinated classes of the related mortgage backed securities are likely to be adversely affected.

The ultimate extent of the loss, if any, to the subordinated classes of mortgage backed securities may only be determined after a negotiated discounted settlement, restructuring or sale of the mortgage note, or the foreclosure (or deed in lieu of foreclosure) of the mortgage encumbering the property and subsequent liquidation of the property. Foreclosure can be costly and delayed by litigation and/or bankruptcy. Factors such as the property's location, the legal status of title to the property, its physical condition and financial performance, environmental risks, and governmental disclosure requirements with respect to the condition of the property may make a third party unwilling to purchase the property at a foreclosure sale or to pay a price sufficient to satisfy the obligations with respect to the related mortgage backed securities. Revenues from the assets underlying such mortgage backed securities may be retained by the borrower and the return on investment may be used to make payments to others, maintain insurance coverage, pay taxes or pay maintenance costs. Such diverted revenue is generally not recoverable without a court-appointed receiver to control collateral cash flow.

Where a loan originator has assigned specific loans to an asset backed security structure and the originator has faced financial difficulties, creditors of the originator have sometimes challenged the validity of the assigned loans. Such challenges can weaken the asset backing for asset backed securities.

- Economic Risk
Performance of a commercial mortgage loan depends primarily on the net income generated by the underlying mortgaged property. The market value of a commercial property similarly depends on its income-generating ability. As a result, income generation will affect both the likelihood of default and the severity of losses with respect to a commercial mortgage loan. Any decrease in income or value of the commercial real estate underlying an issue of commercial mortgage backed securities could result in cash flow delays and losses on the related issue of commercial mortgage backed securities.

The value of the real estate which underlies mortgage loans is subject to market conditions. Changes in the real estate market may adversely affect the value of the collateral and thereby lower the value to be derived from a liquidation. In addition, adverse changes in the real estate market increase the probability of default, as the incentive of the borrower to retain equity in the property declines.

- Refinancing Risk
Mortgage loans on commercial and residential properties often are structured so that a substantial portion of the loan principal is not reduced over the loan term but is payable at maturity and repayment of the loan principal thus often depends upon the future availability of real estate financing from the existing or an alternative lender and/or upon the current value and saleability of the real estate. Therefore, the unavailability of real estate financing may lead to default.

Currency Exchange Rates

Investments for some Funds will be made in assets denominated in currencies other than the base currency and exchange rate movements may affect the value of an investment favourably or unfavourably, separately from gains or losses otherwise made by such investments.

Investing in Europe

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

United Kingdom leaving the European Union

On 29 March 2017, the Government of the United Kingdom (UK) formally notified the European Union (EU) of its intention to leave the Union (i.e. "Brexit").

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

Brexit could negatively impact the tax position of the Funds investing in EEA assets due to higher withholding tax rates being applicable in certain EEA Markets for funds domiciled outside the EEA. It is possible there will be more divergence between UK and EU regulations post-Brexit.

The nature and extent of the impact of any Brexit related changes are uncertain, but may be significant.

Geographical Concentration

Where a Fund invests predominantly in one geographical area, any decline in the economy of this area may affect the prices and value of the shares or units held by that Fund.

Effect of Initial Charge

Where the ACD's Initial Charge (if any) is added to the cost of the investment at the outset, an investor who redeems his Shares before the recommended period stated in Appendix 1 may not (even in the absence of a fall in the value of the relevant investments) realise the original amount invested. Shares should, therefore, be invested for the period recommended for that Fund.

Suspension of Dealings

In certain circumstances the right to redeem Shares may be suspended (see "Suspension of Dealings in the Company" on page 26).

Charges to Capital

Where the investment objective of a Fund is to prioritise the generation of income over capital growth, or in circumstances where they have equal priority, all or part of the ACD's fee and other fees deductible from within the Fund may be charged against capital instead of against income. Furthermore, where charges are taken from the income of a Fund and there is insufficient income to meet such charges, any deficit may be taken from the capital of the Fund. Where charges are taken from the capital of the Fund this may increase the amount of income available for distribution but may also limit capital growth or erode capital if there is insufficient growth.

Liabilities

The assets of a Fund belong exclusively to that Fund and cannot be used to discharge the liabilities of any other Fund. Consequently, the liability incurred on behalf of a Fund will be discharged solely out of the assets of that Fund. The only exception to this is where a liability arises which is not attributable to any specific Fund, in which case the ACD will allocate such liabilities, expenses, costs and charges between the Funds in a manner which would be fair to the Shareholders of the Company. The ACD would normally expect any such re-allocation to be effected on a pro rata basis having regard to the Net Asset Value of the relevant Funds.

Shareholders are not, however, liable for the debts of the Company. A Shareholder is not therefore liable to make any further payment to the Company after he has paid the purchase price of the Shares.

Emerging Markets

Where Funds invest in some overseas markets these investments may carry risks associated with failed or delayed settlement of market transactions and with the registration and custody of securities.

Investment in emerging markets may involve a higher risk than those inherent in established markets.

Investors should consider whether or not investment in such Funds is either suitable for, or should constitute a substantial part of, a prudent investor's portfolio.

Companies in emerging markets may not be subject:

(a) to accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those applicable to companies in major markets;

(b) to the same level of government supervision and regulation of stock exchanges as countries with more advanced securities markets.

Accordingly, certain emerging markets may not afford the same level of investor protection as would apply in more developed jurisdictions.

Restrictions on foreign investment in emerging markets may preclude investment in certain securities by certain Funds and, as a result, limit investment opportunities for the Funds.

Substantial government involvement in, and influence on, the economy may affect the value of securities in certain emerging markets.

The reliability of trading and settlement systems in some emerging markets may not be equal to that available in more developed markets, which may result in delays in realising investments. Lack of liquidity and efficiency in certain of the stock markets or foreign exchange markets in certain emerging markets may mean that from time to time the ACD may experience more difficulty in purchasing or selling holdings of securities than it would in a more developed market.

Banned Weapons policy

The ACD has determined that no Fund of the Company may invest directly in securities issued by companies that the ACD considers, after reasonable enquiries, to be involved in the use, development, manufacturing, stockpiling, transfer or trade of controversial weapons (i.e. those banned by international convention), including but not limited to cluster munitions and/or anti-personnel mines and/or biological weapons and/or blinding laser weapons, and/or chemical weapons and/or non-detectable fragments. This policy restricts the Fund from investing directly in relevant securities, meaning the Fund will not benefit from any potential capital growth or income from such companies. In the case of Funds that track an index, if the index includes a security prohibited under this policy, the Fund will not directly hold that security, which will lead to a deviation in the performance of the Fund against the index. This policy does not apply to third party funds or derivative instruments any Fund may invest in. This policy applies to all HSBC Group funds.

Derivatives

Some of the Funds may hold derivative financial instruments for the purposes of meeting their investment objectives and in such cases the use of such instruments may involve a high degree of financial risk and there will generally be higher volatility since a small movement in the price of the underlying security, or benchmark, may result in a disproportionately large movement (favourable or unfavourable) in the price of the derivative instrument; the risk of default by a counterparty and the risk that transactions may not be liquid.

Derivatives will be used for the purposes of hedging as well as meeting the investment objective of a Fund however, it is not intended that the use of derivatives would raise the overall risk profile of a Fund.

Management and Administration

Authorised Corporate Director

The Authorised Corporate Director of the Company is HSBC Global Asset Management (UK) Limited. The ACD is a private company limited by shares and incorporated in England and Wales on 31 May 1985 under the Companies Act 1985.

The registered office of the ACD is 8 Canada Square, London E14 5HQ. Its principal place of business is 8 Canada Square, London E14 5HQ.

The ACD has an issued share capital of £35,620,750 which is fully paid.

The ACD is responsible for managing and administering the Company's affairs in compliance with all applicable law, regulation and rules, including the FCA Rules.

The ACD may provide investment services to other funds and clients and to companies in which the Company may invest, and also acts as the manager of certain authorised unit trusts and authorised corporate director of certain open-ended investment companies as set out in Appendix 5.

The ACD shall provide its services to the Company under the terms of an agreement dated 28 November 2007 ("the ACD Agreement") amended to enable the Company to become a protected cell company on 8 August 2013. This agreement may be terminated upon 12 months' written notice by the Company although, in certain circumstances, the agreement may be terminated forthwith by notice in writing by the ACD to the Company. Termination of the ACD's appointment cannot take effect until the FCA has approved the change of authorised corporate director.

The ACD shall be entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily incurred in settling or realising any outstanding obligations. There is no compensation for loss of office provided for in the ACD Agreement. The agreement provides indemnities to the ACD other than where there has been negligence, fraud, default, breach of duty or breach of trust in the performance of its duties and obligations.

The ACD is authorised and regulated by the FCA and is treated as having a permission pursuant to Part IV of the Act. The address of the FCA is: 12 Endeavour Square, London E21 1JN.

The names of the directors of the ACD and any significant activities of each director not connected with the business of the ACD are as follows:

Name	Significant Activities not connected to the ACD
Christopher S Cheetham	Also Director of HSBC Global Asset Management Limited, HSBC Global Asset Management (France), non-executive director of Pension Protection Fund and Chairman and Trustee of the Mineworkers Pension Scheme Limited
Andrew S Clark	None currently
Anthony C Corfield	Also Director of HSBC Investment Funds (Luxembourg) SA
Peter G.P. Dew	Also Director of Marks & Spencer Unit Trust Management, HSBC Global Investment Funds and South River Global Investors PCC Ltd
Philip J F Glaze	None currently
Joanna M Munro	Also Director of the Investment Association and HSBC Global Investment Funds
Melissa G McDonald	None currently
Timothy J Palmer	Also Director of HSBC Investment Funds (Luxembourg) SA
Jennifer R. Paterson	Also Director of HSBC Sustainable Investment Expert Group, HSBC Global Asset Management Limited and AXA Rosenberg Management Ireland Ltd

The Depositary

State Street Trustees Limited is the depositary of the Company. It is a private limited company incorporated in England and Wales on 24 October 1994. The registered office of the Depositary is 20 Churchill Place, London, E14 5HJ and its head office (and the address which should be used for correspondence) is Quartermile 3, 10 Nightingale Way, Edinburgh EH3 9EG). The Depositary's principal business activity is acting as trustee and depositary of collective investment schemes.

Duties and functions of the Depositary

The Depositary is responsible for the safekeeping of all the scheme property of the Company and has a duty to take reasonable care to ensure that the Company is managed in accordance with its Instrument of Incorporation and FCA Rules. In carrying out its duties the Depositary shall act honestly, fairly, professionally, independently and solely in the interests of Shareholders.
In addition to its safekeeping role, the Depositary carries out a number of additional duties and functions, including:

- ensuring that dealing in Shares is conducted in accordance with the FCA Rules, the Instrument and the Prospectus;
- ensuring that Shares are valued in accordance with the FCA Rules, the valuation rules and procedures set out in the Instrument and the Prospectus;
- carrying out the instructions of the ACD unless these conflict with applicable law, the Instrument or the Prospectus;
- ensuring that for transactions in scheme property of a Fund, any consideration is provided to the Fund within the usual time limits applicable to the relevant market;
- ensuring that income of a Fund is applied in accordance with the FCA Rules, the Instrument and the Prospectus;
- ensuring each Fund is managed in accordance with its investment objective and policy and the applicable investment restrictions and borrowing limits;
- monitoring the cash flows of each Fund.

Delegation

Subject to the FCA Rules, the Depositary may delegate (and authorise its delegates to sub-delegate) performance of some or all of its safe-keeping obligations to eligible custodians provided that (i) the services are not delegated with the intention of avoiding the applicable regulatory requirements (ii) there is an objective reason justifying the delegation (iii) due, skill, care and diligence is exercised in the selection and appointment of any third party to whom it delegates safe-keeping services, and it continues to exercise all due skill, care and diligence in the periodic review and ongoing monitoring of any delegate and of the arrangements of that delegate in respect of the matters delegated to it. The Depositary's responsibility for the performance of tasks delegated, and its liability for default in performance, is not affected by any delegation.

The Depositary has delegated safekeeping functions to HSBC Bank plc, HSBC Securities Services as global custodian. HSBC Bank plc has further delegated safe-keeping tasks to its sub-custodians. Information about the safe-keeping functions which have been delegated and the identification of the relevant delegates and sub-delegates are contained in Appendix 5 to the Prospectus.

Depositary Agreement

The Depositary provides its services under an agreement dated 18 March 2016 between the Company and the Depositary ("the Depositary Agreement").

The Depositary is entitled to receive remuneration out of the property of the Funds for its services as set out under 'Depositary's Remuneration and Expenses' on page 50 of this Prospectus. The Depositary is under no obligation to account to the ACD, the Company or the Shareholders for any profits or benefits it makes or receives that are made or derived from or in connection with the dealings in Shares of the Company, any transaction in scheme property or the supply of services to the Company.

The Depositary Agreement may be terminated on three months written notice by either party, or sooner in the event of a material breach of the Depositary Agreement. The Depositary may not retire voluntarily or otherwise be replaced except upon the appointment of a new depositary.

The Depositary is indemnified under the Depositary Agreement to the extent that it is properly performing its obligations and furthermore, the Depositary is exempt from liability in certain circumstances to the extent permitted by the Act, the OEIC Regulations and the FCA Rules.

If there is a loss of a financial instruments held in custody, the Depositary is obliged to return financial instruments of identical type or the corresponding amount to the relevant Fund without undue delay. However, the Depositary will not be liable if it can prove that the loss of a financial instrument held in custody has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

Aside from a loss of financial instruments in custody, the Depositary will be liable for all other losses suffered by the Fund as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations or its material breach of the Depositary Agreement.

The Shareholders may invoke the liability of the Depositary (to the extent arising under regulation 15C or 15D of the Undertakings for Collective Investment in Transferable Securities Regulations 2011 (as amended) directly or indirectly through the Company or through the ACD on behalf of the Company provided that this does not lead to a duplication of redress or to the unequal treatment of the Shareholders.

Conflicts of Interest

The Depositary is part of an international group of companies and businesses that, in the ordinary course of their business, act simultaneously for a large number of clients, as well as for their own account, which may result in actual or potential conflicts. Conflicts of interest arise where the Depositary or its affiliates engage in activities under the depositary agreement or under separate contractual or other arrangements. Such activities may include:

(i) providing nominee, administration, registrar and transfer agency, research, agent securities lending, investment management, financial advice and/or other advisory services to the Company or a Fund;

(ii) engaging in banking, sales and trading transactions including foreign exchange, derivative, principal lending, broking, market making or other financial transactions with the Company or a Fund either as principal (and in the interests of itself), or as an agent for other clients.

In connection with the above activities the Depositary and/or its affiliates:

(i) will seek to profit from such activities and are entitled to receive and retain any profits or compensation in any form and are not bound to disclose to, the Fund or its Shareholders the nature or amount of any such profits or compensation including any fee, charge, commission, revenue share, spread, mark-up, mark-down, interest, rebate, discount, or other benefit received in connection with any such activities;

(ii) may buy, sell, issue, deal with or hold, securities or other financial products or instruments either as principal acting in its own interests, or as an agent acting in the interests of its affiliates or for its other clients;

(iii) may trade in the same or opposite direction to the transactions undertaken including based upon information in its possession that is not available to the Fund or the ACD;

(iv) may provide the same or similar services to other clients including competitors of the Fund;

(v) may be granted creditors' rights by the Fund which it may exercise.

The Fund or the ACD on behalf of the Fund may use an affiliate of the Depositary to execute foreign exchange, spot or swap transactions for the account of the Fund. In such instances the affiliate shall be acting in a principal capacity and not as a broker, agent or fiduciary of the Fund. The affiliate will seek to profit from these transactions and is entitled to retain and not disclose any profit to the Fund or its Shareholders. The affiliate shall enter into such transactions on the terms and conditions agreed with the Fund or the ACD on behalf of the Fund.

Where cash belonging to the Fund is deposited with an affiliate being a bank, a potential conflict arises in relation to the interest (if any) which the affiliate may pay or charge to such account and the fees or other benefits which it may derive from holding such cash as banker and not as trustee. The ACD may also be a client or counterparty of the Depositary or its affiliates.

Potential conflicts that may arise in the Depositary's use of sub-custodians include four broad categories:

(i) conflicts from the sub-custodian selection and asset allocation among multiple sub-custodians influenced by

  (a) cost factors, including lowest fees charged, fee rebates or similar incentives and

  (b) broad two-way commercial relationships in which the Depositary may act based on the economic value of the broader relationship, in addition to objective evaluation criteria;

(ii) sub-custodians, both affiliated and non-affiliated, act for other clients and in their own proprietary interest, which might conflict with clients' interests;

(iii) sub-custodians, both affiliated and non-affiliated, have only indirect relationships with clients and look to the Depositary as its counterparty, which might create incentive for the Depositary to act in its self-interest, or other clients' interests to the detriment of clients; and

(iv) sub-custodians may have market-based creditors' rights against client assets that they have an interest in enforcing if not paid for securities transactions.

In carrying out its duties the Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Fund or a Company and its Shareholders.

The Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the Depository issues to be properly identified, managed and monitored. Additionally, in the context of the Depositary's use of sub-custodians, the Depositary imposes contractual restrictions to address some of the potential conflicts and maintains due diligence and oversight of sub-custodians to ensure a high level of client service by those agents. The Depositary further provides frequent reporting on clients' activity and holdings, with the underlying functions subject to internal and external control audits. Finally, the Depositary internally separates the performance of its custodial tasks from its proprietary activity and follows a Standard of Conduct that requires employees to act ethically, fairly and transparently with clients.

Up-to-date information on the Depositary, its duties, any conflicts that may arise, the safe-keeping functions delegated by the depositary, the list of delegates and sub-delegates and any conflicts of interest that may arise from such a delegation will be made available to Shareholders on request.

The Auditor

KPMG LLP is the auditor for the Company. It is a private company incorporated in England and Wales under the Companies Act 1985 on 2 October 1995 and is a member of KPMG International.

The registered office of the Auditor is 8 Salisbury Square, London EC4Y SBB and its head office (and the address which should be used for correspondence) is 15 Canada Square, London E14 5GL.

The auditor is responsible for auditing the Financial Statements of the Company for April and October each year, which comprise the Statements of Total Return, the Statements of Change in Net Assets Attributable to Shareholders, the Balance Sheets together with the Related Notes and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The auditor's reports are made solely to the Company's Shareholders, as a body, in accordance with FCA Rules, issued by the FCA under the OEIC Regulations. The auditor undertakes this work so that they might state to the Company's Shareholders those matters that they are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, the auditors will not accept or assume responsibility to anyone other than the Company and the Company's Shareholders as a body for their audit work, for their reports, or for the opinions they have formed.

The auditor's fee is taken out of the property of the Funds, as set out in Fees and Expenses section on page 47 of this prospectus.

The Legal Adviser

The Company appoints legal advisers from time to time to advise on legal matters. No independent legal advisers have been retained to represent Shareholders of the Company.

Investment Management

The ACD acts as the discretionary investment manager of the Funds with the exception of the HSBC Global High Income Bond Fund*, for which the ACD has appointed HSBC Global Asset Management (USA) Inc as discretionary investment manager under an agreement dated 27 March 2017.

* This Fund is currently being wound up and is no longer available for investment.

The discretionary investment manager has full power to manage each of the Funds within the investment objective and any restrictions set out in the Instrument of Incorporation and Prospectus.

Such discretionary powers include the aggregation of the transactions with those of other clients; written consent of the Depositary is required before bona-fide orders of each Fund are matched with other clients.

The discretionary investment manager, with the agreement of the ACD, may appoint one or more sub-investment managers to manage a proportion of the assets of each of the Funds.

The discretionary investment manager may from time to time receive investment advice from the HSBC Group, which it may or may not choose to act upon.

If the ACD wishes to change the investment objective and/or policy of any Fund, Shareholders will be given due notice of such proposal prior to its implementation in accordance with the FCA Rules. Prior to making any change, the ACD and Depositary shall determine whether the change shall be 'fundamental' or 'significant', as defined in the FCA Rules. A significant change will require the ACD to contact the Shareholders on the Register a minimum of 60 days prior to making the change, whereas a fundamental change will require the prior approval of Shareholders at a General Meeting.

For changes not deemed by the ACD or Depositary to be 'fundamental' or 'significant' the Shareholders will be notified of the changes either by a direct mailing or the ACD will publish details of the changes in the important notes section of the Company Report & Accounts, at the ACDs discretion.

Best Execution Policy

To view our Best Execution Policy, please go to www.assetmanagement.hsbc.com and choose "United Kingdom" then "Individual Investors" or "Financial intermediary" then "About Us" and then "Governance".

The ACD may appoint managers to manage part or parts of the Fund.

Administrator and Registrar

The Company has appointed the ACD to provide administration services and to act as registrar. The ACD has delegated these functions to Northern Trust Global Services SE. The ACD will have supervision and oversight of Northern Trust Global Services SE for these functions.

Register of Shareholders

The register of Shareholders is maintained at 50 Bank Street, Canary Wharf, London E14 5NT and may be inspected at that address during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

Other delegated functions

The ACD has delegated the valuation of the Funds to HSBC Bank plc, HSBC Securities Services.

HSBC Group Conflicts of Interest Procedure

The HSBC Group ("HSBC") is a worldwide financial organisation, offering a wide range of services to clients. As such, it, or a company with whom it has an association, may from time to time have interests which conflict with its clients' interests or with the duties that it owes to its clients. These include conflicts arising between the interests of HSBC, its associates and employees on the one hand and the interests of its clients on the other and also conflicts between clients themselves (including the Company and its Funds). Such conflicts may result in a restriction in trading certain securities due to relationships in other parts of HSBC or due to sensitive information to which the ACD becomes party.

HSBC has established procedures which are designed to identify and manage such conflicts. These include organisational and administrative arrangements to safeguard the interests of clients. A key element of this policy is that persons engaged in different business activities involving a conflict of interest must carry on those activities independently of one another.

Where necessary, HSBC maintains arrangements which restrict the flow of information to certain employees in order to protect its clients' interests and to prevent improper access to client information.

HSBC may also deal as Principal for its own investment account and may be matching transactions with another client. Procedures are in place in order to protect the client's interest in this instance.

In some cases, HSBC's procedures and controls may not be sufficient to ensure that a potential conflict of interest does not damage a client's interests. In these circumstances, HSBC may consider it appropriate to disclose the potential conflict to the client and obtain the client's formal consent to proceed. However, HSBC may decline to act in any circumstance where there is residual risk of damage to the interests of any client.

In managing conflicts, account is taken of the potential for the ACD or its associates to be in a position where:

- HSBC benefits financially, at the expense of the Funds or the Company
- HSBC has an interest in the outcome of a service, activity or transaction (provided to the Funds or the Company or another client) which is distinct from the Funds or the Company's interest in that outcome
- HSBC has an incentive to favour the interests of another client over the interests of the Funds or the Company
- HSBC carries on the same activities for the Funds or the Company and for another client
- HSBC receives (from a person other than the Funds or the Company) an inducement in relation to management activities provided to the Funds or the Company, other than the standard commission or fee for that service.

In particular, the ACD and other companies within HSBC may, from time to time, act as investment manager or adviser to other funds or sub-funds; the interests of these funds may not always be aligned with those of the Funds or the Company. It is therefore possible that the ACD may in the course of its business have potential conflicts of interest with the Company or a particular Fund. The ACD will, however, have regard in such event to its obligations and fiduciary responsibilities under the ACD Agreement and, in particular, to its obligation to act at all times in the best interests of the Company or the Fund and its investors, so far as is practicable having regard to its obligations to other clients. The ACD will ensure that investors are treated fairly and that such transactions are effected on terms which are not less favourable to the Fund than if the potential conflict had not existed.

You may have further questions which relate to the underlying procedures within HSBC. In such cases you should contact HSBC and your query will be directed accordingly.

The ACD's Conflicts of Interest Policy

In addition to HSBC Group procedures the ACD has its own Conflicts of Interest Committee that is ultimately responsible for its Conflicts of Interest Policy.

The scope and nature of HSBC Group's services may mean that, on occasion the ACD is restricted from trading certain securities which can be due to relationships in other parts of the HSBC Group, or sensitive information to which we become party. The restrictions on our ability to act, or refrain to act, as a result of such information may have an adverse effect on your portfolio, but is ultimately designed to manage the conflict presented by HSBC Group activity and our regulatory obligations.

The ACD is the discretionary fund manager for a range of collective investment schemes. The majority of such funds are registered under the Undertakings for Collective Investment in Transferable Securities ("UCITS") Directive; such funds are known as 'UCITS funds'. The Funds registered in the UK that are non UCITS retail schemes ('NURS funds') and these are required to adhere to the Alternative Investment Fund Managers Directive. The Funds in this Prospectus are all UCITS Funds.

The ACD makes no distinction between the two fund types in terms of how a Fund is treated with respect to conflicts. Accordingly, it has a conflict management process that applies equally to all funds under its management.

In the course of business the ACD has identified that conflicts may exist between the following parties:

(a) **the ACD and the Fund managed by the ACD or the Shareholders in that Fund** – for example where the ACD's interests compete with the interests of the Fund or its Shareholders;

(b) **the Fund or the Shareholders in that Fund and another fund or the shareholders in that fund** – for example where there is potential for one fund to be favoured over another (either in its investment decisions or the terms of its transactions) to the detriment of one shareholder over another;

(c) **the Fund or the Shareholders in that Fund and another client of the ACD** – for example where there is a potential conflict between Shareholders in an Fund and other clients of ACD;

(d) **the Fund or the Shareholders in that Fund and another UCITS managed by the ACD or the shareholders in that UCITS** – for example where there is potential for one UCITS fund to be favoured over another UCITS fund or a Non-UCITS fund (either in its investment decisions or the terms of its transactions) to the detriment of one shareholder over another;

(e) **two clients of the ACD – for example where the interests of one ACD client compete with the interest of another ACD client;**

The ACD's Conflicts of Interest Committee is ultimately responsible for the Conflicts of Interest Policy. The Committee meets quarterly and is responsible for updating the Policy, in addition to managing conflicts presented within the business.

The ACD has established procedures which are designed to identify and manage conflicts. These include organisational and administrative arrangements to safeguard the interests of its clients. A key element of this policy is that persons engaged in different business activities involving a conflict of interest must carry on those activities independently of one another.

Additionally, where the Fund invests in another UCITS or Non-UCITS managed by the HSBC Group, the Fund will, wherever possible, invest in a share class which has an Annual Management Charge of 0% to limit the effect of 'double-charging'.

In some cases, these procedures and controls may not be sufficient to ensure that a potential conflict of interest does not damage a client's interests. In these circumstances, the ACD may consider it appropriate to disclose the potential conflict to the client and obtain the client's formal consent to proceed. However, the ACD may decline to act in any circumstance where there is residual risk of damage to the interests of any client.

The ACD maintains a record of the circumstances in which a conflict of interest entailing material risk of damage to clients may arise (or has arisen) as a result of the activities carried out by the HSBC Group. A register of the circumstances which cannot be managed using the ACD's existing policies and procedures is maintained. This identifies any specific cases where an exceptional conflict of interest has arisen or, in the case of an ongoing service or activity, may arise and records those instances where the ACD has made a relevant disclosure to the client.

Bank Holding Company Act

HSBC Holdings plc is the parent company of a number of associates involved in the management, investment management and distribution of the Funds.

HSBC Holdings plc is regulated by the Federal Reserve in the United States as a Financial Holding Company ("FHC") under the Bank Holding Company Act (and its associated rules and regulations) (the "BHCA"). As an FHC, the activities of HSBC Holdings plc and its affiliates are subject to certain restrictions imposed by the BHCA.

Although HSBC Holdings plc does not own a majority of the Shares of the Company, its relationship with the Company through the ACD means HSBC Holdings plc may be deemed to "control" the Company within the meaning of the BHCA.

Investors should note that the operations of the Company, including its investments and transactions, may be restricted in order to comply with the BHCA. For example to comply with the BHCA a Fund may be:

(i) restricted in its ability to make certain investments;

(ii) restricted in the size of certain investments;

(iii) subject to a maximum holding period on some or all of its investments; and/or

(iv) required to liquidate certain investments.

In addition, transactions made between the Company, the ACD, the investment manager, HSBC Holdings plc and their affiliates may be restricted.

Any such actions will be executed in compliance with applicable law and in a manner consistent with the best interests of the Shareholders of each Fund. Investors should also refer to the "Conflicts of Interest" section above.

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

Fees and Expenses

Initial Charge

The ACD is permitted to make an Initial Charge, upon a sale of Shares. The current Initial Charge (if any) for each Share Class and Fund is shown in the table below. The charge is shown separately to the published Share price.

Remuneration of the ACD

The ACD is entitled under its agreement with the Company to take an annual fee out of each Fund, which is a percentage per annum of the Net Asset Value of the Fund (plus VAT, if any), calculated on a mid-market basis, in payment for carrying out its duties and responsibilities, this is known as the "Annual Management Charge" (the "AMC").

The AMCs, shown in the table below, accrue daily and are payable monthly in arrears.

The ACD shall also be entitled to receive an annual fee, calculated as a percentage per annum of the Net Asset Value (plus VAT, if any) of the Fund and payable out of the scheme property, in return for providing registration services. The registration fee accrues daily and is payable monthly in arrears.

The Ongoing Charges Figure (OCF) shown in the table below is based on actual expenses for the relevant accounting period, or an estimate of expenses where, for example, a change has been made to the charging structure during an accounting year. It covers most aspects of operating the Fund during the year, including fees paid for investment management, the services of the Depositary, custody of the scheme property and other administration and the independent oversight functions. Where the Fund invests in other funds, the figure includes the impact of the charges made in those other funds. The OCF does not include portfolio transaction costs and payments Shareholders may make to a financial adviser or any other firm through which they invest; Shareholders will pay for these services directly.

The OCF is calculated and reported bi-annually in January and July and is accurate as of the date of publication.

Table of Charges

The current Initial Charge, AMC, registration fee and the OCFs for Share Classes offered in the Funds are:

Retail Income and Retail Accumulation Share Classes

Fund	Current Initial Charge	AMC	Registration Fee	OCF % as at 15 Jan 2019
Balanced Fund	0.00%	1.50%	0.125%	1.73%****
Corporate Bond Fund	0.00%	1.00%	0.125%	1.15%
Gilt & Fixed Interest Fund	0.00%	0.60%	0.125%	0.75%***
Income Fund*	0.00%	1.50%	0.125%	1.64%
Monthly Income Fund*	0.00%	1.25%	0.125%	1.40%
UK Growth & Income Fund*	0.00%	1.50%	0.125%	1.64%

Retail B Income and Retail B Accumulation Share Classes

Fund	Current Initial Charge	AMC	Registration Fee	OCF % as at 15 Jan 2019
UK Growth & Income Fund*	0.00%	0.60†	0.00%	0.60%

Income C and Accumulation C Share Classes

Fund	Current Initial Charge	AMC	Registration Fee	OCF % as at 15 Jan 2019
Balanced Fund	0.00%	0.55%	0.10%	0.75%****
Corporate Bond Fund	0.00%	0.30%	0.10%	0.42%
Gilt & Fixed Interest Fund	0.00%	0.30%	0.10%	0.43%
Global Equity Income Fund*	0.00%	0.75%	0.10%	0.90%
Global High Income Bond Fund♦	0.00%	0.63%	0.10%	0.85%
Income Fund*	0.00%	0.80%	0.10%	0.92%
Monthly Income Fund*	0.00%	0.55%	0.10%	0.67%
UK Growth & Income Fund*	0.00%	0.80%	0.10%	0.91%

Institutional Income Share Class

Fund	Current Initial Charge	AMC	Registration Fee	OCF % as at 15 Jan 2019
Corporate Bond Fund	0.00%	0.00%	0.00%	0.02%
Gilt & Fixed Interest Fund	0.00%	0.00%	0.00%	0.03%
Global Equity Income Fund*	0.00%	0.00%	0.00%	0.05%
Global High Income Bond Fund♦	0.00%	0.00%	0.00%	0.11%

Institutional Accumulation Share Class

Fund	Current Initial Charge	AMC	Registration Fee	OCF % as at 15 Jan 2019
Balanced Fund	0.00%	0.00%	0.00%	0.10%****
Corporate Bond Fund	0.00%	0.00%	0.00%	0.02%
Global Equity Income Fund*	0.00%	0.00%	0.00%	0.05%
Global High Income Bond Fund♦	0.00%	0.00%	0.00%	0.11%

Institutional Gross Accumulation Share Class

Fund	Current Initial Charge	AMC	Registration Fee	OCF % as at 15 Jan 2019
Corporate Bond Fund	0.00%	0.00%	0.00%	0.02%

CTF Accumulation Share Class

Fund	Current Initial Charge	AMC	Registration Fee	OCF % as at 15 Jan 2019
UK Growth & Income Fund*	0.00%	1.15%†	0.00%	1.15%**

Notes

* For these Funds the ACD's remuneration (that is the Annual Management Charge and any applicable registration fee) is taken from the capital of the Fund. This may have the effect of limiting capital growth or eroding capital if there is insufficient growth.

** The OCF is estimated following changes to the Fund on 1 May 2018.

*** The OCF is estimated following a change to the Fund on 1 October 2018.

**** The OCF is estimated following changes to the Fund on 25 March 2019.

† In relation to this Fund/Share Class, no further charges of any nature will be payable by an investor on an annual basis.

♦ This Fund is currently being wound up and is no longer available for investment.

If the expenses of a Share Class in any period exceed its attributable income, the ACD may take that excess from the capital property attributable to that Share Class. This may have the effect of limiting capital growth or eroding capital if there is insufficient growth.

The Initial Charge, AMC, registration fee and other expenses payable to the ACD and its associates may only be increased in accordance with the FCA Rules, which require a minimum of 60 days' advanced notice and only after the ACD has made available the Prospectus showing the new rate of charge and the date of its commencement.

Administration Charges

Switching Fee

If a Shareholder switches Shares in one Fund for Shares in another Fund (whether of the same or a different Share Class) the ACD may impose a switching fee. This will not exceed an amount equal to the then prevailing Initial Charge for the Fund or Share Class in to which the Shares are being switched. The switch may incur a dilution adjustment on one or both parts of the switch transaction. Dilution adjustment is explained further below.

Other Charges and Expenses

Redemption Charge

No charge will currently be made on a cancellation or redemption of Shares, apart from a dilution adjustment to the price of a Share (as explained below) or a charge sufficient to cover the ACD's potential liability to stamp duty or stamp duty reserve tax (if applicable). Should a redemption charge be introduced in the future such a charge would only apply to Shares issued after the introduction of such a charge. In such circumstances the ACD may only introduce a redemption charge in accordance with the FCA Rules after it has made available a revised Prospectus to reflect the introduction of the charge and the date of its commencement. There are currently no plans to introduce such a charge.

Dilution

The basis of valuation of the Company's investments for the purpose of calculating the issue and redemption price of Shares as stipulated in the FCA Rules and the Instrument of Incorporation is summarised on page 57.

When the Company buys or sells a Fund's investments it will usually incur a cost in the form of dealing charges and any spread between the buying and selling prices of the investment. This cost will not be reflected in the sale or purchase price paid by the Shareholder. In some circumstances (for example, deals that are large relative to the size of a Fund) this may have an adverse effect on the interests of Shareholders in the Fund. This effect is referred to as "Dilution". So as to prevent this, the ACD has the power to make a dilution adjustment to the price of a Share on the purchase and/or sale of Shares.

Dilution adjustment

A dilution adjustment may be made if on any Dealing Day the aggregate transactions in Shares of all Share Classes in a Fund result in a net increase or decrease of Shares which exceed a threshold we set for that Fund, (relating to the cost of market dealing for that Fund).

Estimated dilution adjustment rates as at 31 August 2019. More recent information may be available by contacting us.

Fund	**Estimated dilution adjustment rates %**
Balanced Fund	0.10 – 0.20
Corporate Bond Fund	0.35
Gilt & Fixed Interest Fund	0.05
Global Equity Income Fund	0.10 – 0.15
Global High Income Bond Fund*	0.25
Income Fund	0.10 – 0.55
Monthly Income Fund	0.15 – 0.60
UK Growth & Income Fund	0.10 – 0.55

* This Fund is currently being wound up and is no longer available for investment.

In all cases where the threshold is exceeded the Share price of the relevant Fund may be adjusted by an amount which shall reflect both the estimated fiscal charges and dealing costs that may be incurred by the Fund and the estimated bid/offer spread of the assets into which the Fund invests. The calculated dilution adjustment amount will be an addition when the net movement results in an increase of all Shares of the Fund and a deduction when it results in a decrease. As certain stock markets and jurisdictions may have different charging structures on the buy and sell sides, the resulting adjustment may be different for net inflows and for net outflows.

Furthermore, the ACD shall have discretion to apply a dilution adjustment in any other case where it considers that the imposition of a dilution adjustment shall be in the interest of Shareholders.

As dilution adjustment is directly related to the inflows and outflows of monies from a Fund, it is not possible to predict accurately whether dilution adjustment will occur at a future point in time. However, the ACD expects to make a dilution adjustment on all occasions when the threshold is exceeded.

ACD Expenses

The ACD is entitled to all reasonable, properly incurred expenses in the performance of its duties (except in respect of Shares in the Retail B Income, Retail B Accumulation and the CTF Accumulation Share Classes in the UK Growth & Income Fund). Where a Fund of the Company enters into stocklending transactions, the ACD will receive no income from this activity.

Depositary's Remuneration and Expenses

The Depositary is entitled to receive out of the property of the Fund, by way of remuneration, a periodic charge which will accrue daily and will be paid monthly in arrears. The rate of the Depositary's periodic charge in respect of each Fund will be such rate or rates as agreed from time to time between the Company and the Depositary.

The rate of periodic charge for each Fund is currently 0.01% per annum of the Net Asset Value of the Fund, on the first £200,000,000. After the first £200,000,000 the charge is 0.007% per annum.

The charge will be calculated, pro-rata each month, based on the value of the assets held on the last Business Day monthly. Value Added Tax on the amount of the periodic charge will be paid out of each Fund in addition.

The Depositary Agreement between the Company and the Depositary provides that in addition to a periodic charge the Depositary may also be paid by way of remuneration custody fees where it acts as custodian and other transaction and bank charges. At present the Depositary does not itself act as custodian.

In addition to the remuneration referred to above, the Depositary is entitled to receive reimbursement for expenses properly incurred by it in the discharge of its duties or exercising any powers conferred upon it in relation to the Company and each Fund. Such expenses include, but are not restricted to:

(a) the charges and expenses payable to HSBC Bank plc, HSBC Securities Services ("HSBC Bank plc") to whom the Depositary has delegated the function of custody of the scheme property, such charges being the subject of agreement between the Depositary the Company and HSBC Bank plc (subject to the FCA Rules) from time to time. The remuneration for acting as custodian is calculated at such rates and/or amounts as the ACD, the Depositary and the Custodian may from time to time agree.

    In addition the custodian makes a transaction charge determined by the territory, or country in which the transaction is effected.

    The cost of custody generally depends upon the market value of the stock involved and currently in respect of each Fund ranges from 0.005% per annum and 0.45% per annum of such market value. The current range of transaction charges is between £15 and £100 per transaction.

(b) all charges imposed by, and any expenses of, any agents appointed by the Depositary to assist in the discharge of its duties;

(c) all charges and expenses incurred in connection with collection and distribution of income;

(d) all charges and expenses incurred in relation to the preparation of the Depositary's annual report to Shareholders;

(e) all charges and expenses incurred in relation to stocklending or other transactions; and

(f) fees and expenses payable to any professional adviser advising or assisting the Depositary.

Investment Manager's Fee

Where the ACD appoints an associate or other party to act as investment manager for a Fund, the investment manager may receive a proportion of any Annual Management Charges for that Fund, as agreed between the ACD and the investment manager.

Auditor's Fee

The Auditor performs an annual audit of the Company, for which it is entitled to receive a payment out of the property of the Funds. The Auditor's fee is inclusive of VAT and for each Fund is determined in relation to the complexity of auditing such Fund. The fee will be accrued on a daily basis in the relevant Fund's NAV and will be paid out of the Fund annually.

The ACD will carry out an annual fee review to satisfy itself that the fee is reasonable for the tasks performed.

Legal Adviser's Fee

The Company may use legal advisers from time to time, whose fees are paid out of the property of the Funds. The legal adviser's fee is inclusive of VAT and is agreed by the ACD prior to work being undertaken. The legal adviser performs many duties during the course of their advice and is only engaged by the ACD where necessary.

Administrator's Fee

This will be paid by the ACD out of the fees payable to the ACD and not out of the scheme property of the Company.

Duplicate Statement Fee

Individual statements of Shareholders' (or in the case of joint holdings, the first named) Shares will also be issued at any time on request by the registered holder(s). The right is reserved to make a charge for duplicate copies of statements. Such charge will not exceed our then prevailing costs for producing and posting such document.

Payments out of the Scheme Property of the Company

So far as the FCA Rules allow the Company or Fund, as the case may be, is responsible for all its other expenses including the following:

(a) the fees and expenses payable to the ACD (which will include the fees of the ACD (including fees and expenses in respect of establishing and maintaining the register of Shareholders and related functions) and any third party appointed to carry out administration functions) or any other director;

(b) the fees and expenses payable to the Depositary;

(c) expenses incurred in distributing income to Shareholders;

(d) fees in respect of the publication and circulation of details of the Net Asset Value;

(e) the fees and expenses of the auditors, tax, legal and other professional advisers of the Company;

(f) the costs of convening and holding Shareholder meetings (including meetings of Shareholders in any particular Fund or any particular Share Class within a Fund);

(g) the costs of printing and distributing reports, accounts and Prospectuses, (excluding printing of the Key Investor Information Document), publishing prices, any costs incurred as a result of periodic updates of any Prospectus, any costs incurred in amending the Instrument of Incorporation and any other administrative expenses;

(h) taxation and duties payable by the Company;

(i) interest on any charges incurred on borrowings;

(j) any amount payable by the Company under any indemnity provisions contained in the Instrument of Incorporation or any agreement with any functionary of the Company;

(k) fees of the FCA under Schedule I Part III (17) of the Act and the corresponding periodic fees of any regulatory authority in any country or territory outside the United Kingdom in which Shares are or may be marketed;

(l) fees of any paying agent or other third party the appointment of which is required to facilitate the marketing of Shares outside the United Kingdom;

(m) safe custody charges;

(n) expenses incurred in acquiring and disposing of investments and the costs of registering investments;

(o) royalty fees, licence or other fees levied by owners, calculation agents or other entities in the calculation or provision of indices or similar;

(p) certain liabilities on amalgamation or reconstruction arising after transfer of property to the Company in consideration for the issue of Shares in accordance with the FCA Rules;

(q) directors' remuneration in the event that the Company has directors in addition to the ACD;

(r) the fees and expenses incurred in establishing any new Share Class and/or Funds;

(s) any value added or similar tax payable on these fees, charges or expenses.

In so far as any of these charges (except for (a) above) would otherwise be attributable to Shares in the Retail B Income, Retail B Accumulation or CTF Accumulation Share Classes of the UK Growth & Income Fund, the expenses will not be allocated to that Fund for payment, but will be met by the ACD.

It is not currently proposed to seek a listing for the Shares on any stock exchange, but if a listing is sought in the future the fees connected with the listing (including those of professional advisors) will be payable by the Company. Expenses are allocated between capital and income in accordance with the FCA Rules however, in the case of the Income Fund, Monthly Income Fund and the UK Growth & Income Fund fees and expenses are generally taken from the capital property of the scheme which may have the effect of limiting capital growth or eroding capital if there is insufficient growth.

Allocation of Fees and Expenses between Funds

All the above fees, duties and charges (other than those borne by the ACD) will be charged to the Fund in respect of which they were incurred but where an expense is not considered to be attributable to any one Fund, the expenses will be allocated by the ACD in a manner which is fair to Shareholders. They will normally be allocated to all Funds pro rata to the Net Asset Value of the relevant Funds.

Expenses specific to a Share Class will be allocated to that Share Class. They will otherwise be allocated in the manner described in Fees and Expenses section on page 47 of this Prospectus.

Any expenses for any Share Class or Fund in excess of the income properly attributable to such Share Class or Fund shall be deemed to be capital in nature and may be taken from the capital property attributable to that Share Class or Fund. In so far as expenses are attributable (whether by way of a notional specific allocation or a notional pro rata allocation) to Shares in Retail B Income, Retail B Accumulation and the CTF Accumulation Share Classes of the UK Growth & Income Fund, they will be met by the ACD and not incurred by that Fund.

The Annual Management Charge will be attributed to the Share Class in respect of which it is imposed.

Taxation

General

The information given in this section is based on current UK legislation and HM Revenue & Customs ("HMRC") practice in force at the time of printing and does not constitute legal or tax advice and applies only to UK Shareholders holding Shares as investments (and not to dealers in securities). Prospective Shareholders should consult their own professional advisers as to the implications of subscribing for, purchasing, holding, converting, switching or disposing of Shares under the laws of the jurisdiction in which they may be subject to tax.

The Company

Each of the Funds comprised in the Company is liable to corporation tax at a rate equivalent to the basic rate of income tax, currently 20%. Each of the Funds is treated as an open-ended investment company, such that the capital gains or losses realised by the Company are exempt from tax subject to the comments in the following paragraphs.

Dividends received by the Funds are generally exempt from corporation tax. Income other than dividends received by the Funds is liable to corporation tax after deducting allowable expenses of management. Where taxable overseas income is received by a Fund after deduction of foreign tax, it may be possible for the Fund to offset such tax against corporation tax liabilities on that income by way of double tax relief.

Where a Fund holds an investment in any other onshore or offshore fund that during the Fund's accounting period is broadly greater than 60% invested, directly or indirectly (through similar funds or derivatives) in cash, bonds or derivatives linked to similar assets, any amounts accounted for as income will be taxable income of the Fund for the period concerned. In addition, any dividends paid by such funds will be taxed as interest income for the period concerned. Also where a Fund holds an interest in a collective investment scheme constituted outside of the United Kingdom ("an offshore fund") which has not been certified by HM Revenue & Customs as a "reporting" offshore fund for the entire time that the Fund held it, the Fund will be liable to tax on the gain realised on disposal as income rather than an exempt capital gain.

It is the intention of the Company to remain in the position where no more than 50% of the assets of any Fund by value are invested in offshore funds that are non-reporting funds for UK tax purposes.

Taxation of Shareholders

A Shareholder should consider his or her liability to taxation both in relation to income and any capital gains relating to his or her Shares. The general position in relation to different types of Shareholder is considered below, although the position of Shareholders who hold their Shares as part of a trade is not considered. The discussion below considers the position of Shareholders who have beneficial ownership of the Shares concerned. The position for trustees, nominees and other fiscal agents is not discussed.

Generally, a Shareholder may receive two types of income in respect of his Shares. Gilt or bond funds (broadly those with over 60% invested for the whole of the accounting period in bonds, cash or derivatives linked to similar assets and UK funds which qualify) usually make "Interest Distributions" to Shareholders. Most other types of Funds make "Dividend Distributions" to Shareholders. Details of the types and frequencies of distribution for each of the Funds can be found in the General Information section.

A distribution statement, in respect of the first distribution for Shares which were issued in the same accounting period as that distribution, will indicate that an amount of the distribution represents income equalisation. This amount is not taxable as income, as under current HM Revenue & Customs practice it is treated as a return of capital, but must be deducted from the acquisition cost of Income Shares for the purposes of calculating any capital gains/loss on disposal of those Shares. In the case of Accumulation Shares, no adjustment needs to be made to the cost of the Shares for the purposes of determining any capital gain or loss on eventual disposal of the Shares.

UK Resident Individual Shareholders

Interest Distributions
Interest Distributions are paid without a deduction of income tax at source.

A Personal Saving Allowance exempts from tax the first £1,000 (in tax year 2019/2020) of savings income for basic rate taxpayers and the first £500 (in tax year 2019/2020) for higher rate taxpayers. All UK taxpayers (including basic rate taxpayers) will therefore be liable to pay UK tax on an interest distribution made or treated as made by the Company, subject to the Personal Savings Allowance and, where applicable, the starting savings rate for savings.

Where a UK resident individual Shareholder holds Shares in an ISA the Shareholder will be exempt from income tax on Interest Distributions paid in respect of such Shares.

Dividend Distributions
A dividend allowance applies for UK resident individual Shareholders which charges the first £2,000 (in tax year 2019/2020) of dividends received in the tax year at 0%. A UK resident individual Shareholder will have to pay income tax at the applicable basic, higher or additional rate (depending on the Shareholder's individual tax position) on dividend income in excess of the £2,000 allowance. Note that dividend income within the £2,000 allowance will still count towards basic, higher and additional rate bands and may therefore affect the rate of income tax that a Shareholder pays on dividends they receive in excess of the £2,000 allowance.

Where a UK resident individual Shareholder holds Shares in an ISA the Shareholder will be exempt from income tax on Dividend Distributions paid in respect of such Shares.

Capital Gains Tax
Shareholders disposing of Shares in the Funds may be liable to capital gains tax on the gain realised from that disposal if their capital gains from all sources in the tax year exceeds the annual exempt amount and any available relief for losses. Capital gains tax is charged at the capital gains tax rate applicable for the tax year in which the gains are realised.

An exchange of Shares between different Funds is regarded as a disposal for capital gains tax purposes.

Where Shares are converted between Share Classes of the same Fund, a capital gain will not arise until the time of disposal of the New Shares.

A UK resident individual Shareholder holding Shares in an ISA will be exempt from capital gains tax on the disposal of such Shares.

Accumulation/Reinvestment Option
Where a distribution is accumulated or reinvested, the distribution is treated as if it was actually received by the Shareholder on the distribution date. Where a distribution is reinvested the Shareholder will acquire further Shares which have an acquisition cost equal to the value of the distribution. Where income is accumulated in relation to Accumulation Shares the amount of notional distribution (excluding equalisation) increases the allowable expenditure on the Shares for the purposes of capital gains tax.

UK Resident Corporate Shareholders

Interest Distributions
Interest Distributions will be paid without the deduction of tax. Such Shareholders will be subject to corporation tax on the gross amount of the distribution or accumulation.

Dividend Distributions
Where a corporate Shareholder receives a Dividend Distribution from a Fund, such a Shareholder should apportion the amount of the distribution (by way of a formula) between that part representing the Fund's income subject to corporation tax and that part representing the Fund's other income. Only that part which represents the income subject to corporation tax in the Fund will be liable to corporation tax (in the hands of the corporate Shareholder) and will be treated as an annual payment received after deduction of income tax at the basic rate. That deemed income tax will be available to offset against the corporation tax liability of the Shareholder or may be repaid subject to certain restrictions.

Capital Gains Tax

Corporate Shareholders within the charge to corporation tax will be liable to corporation tax subject to indexation allowance, on any gain arising on the disposal or deemed disposal of holdings in the Funds, except where such Funds are gilt or bond funds. If UK corporate Shareholders hold Shares in gilt or bond funds (broadly those Funds that are over 60% invested directly or indirectly (through similar funds or derivatives) in cash, bonds or derivatives linked to similar assets) the Shareholders must treat the shareholdings as if they are a loan relationship for corporation tax purposes. Profits and losses must be brought into account annually on a "mark to market" basis. The result is that corporate Shareholders in such Funds will have the capital growth on their holdings charged to corporation tax on an annual basis. Life insurance companies holding Shares in a Fund may in certain circumstances be treated as realising an annual deemed disposal. Any deemed gain or loss is spread forward over seven years.

An exchange of Shares between different Funds is regarded as a disposal for capital gains tax purposes.

Where Shares are converted between Share Classes of the same Fund, a capital gain will not arise until the time of disposal of the New Shares.

Non UK Resident Shareholders

Interest Distributions will be paid without the deduction of tax to non-UK resident Shareholders.

Tax may or may not be payable in respect of Interest Distributions and Dividend Distributions depending on the Shareholder's tax position and the provisions of any relevant double tax treaty with the United Kingdom.

Foreign Account Tax Compliance Act (FATCA)

Sections 1471 through 1474 of the US Internal Revenue Code ("FATCA") have been introduced by the US government. Under FATCA we are required to collect and report certain information on accounts held by specific US Persons, as defined on page 8 of this Prospectus. We may also be required to report certain information on Shareholders who do not provide us with the required documentation.

FATCA imposes a 30% withholding tax on certain payments to a foreign financial institution ("FFI") if that FFI is not compliant with FATCA. The Company is a FFI and thus, subject to FATCA.

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

The UK has entered into an Intergovernmental Agreement ("IGA") with the US to facilitate FATCA compliance and reporting of the required information to HMRC. Such information will be onward reported by HMRC to the US Internal Revenue Service. The Company intends to comply with the terms of the IGA and relevant UK implementing Legislation. Therefore the Company expects to be treated as a compliant financial institution and does not expect any FATCA withholding to apply on payments made to it.

If a Shareholder fails to provide the Company, its agents or authorised representatives with any correct, complete and accurate information to enable the Company to comply with the UK IGA, this may result in the compulsory redemption of Shares (for more details please refer to the "Compulsory Transfer and Redemption" section on page 23). Furthermore the Company may at its discretion take appropriate action without the consent of Shareholders to provide for any measures that the Company deems appropriate or necessary to comply with the UK IGA.

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

The Common Reporting Standard (CRS)

The CRS is similar to FATCA and is the standard developed by the OECD that requires financial institutions to collect and report similar information about an account holder's tax residency outside of the US.

Within the EU the CRS has been enacted through a new Directive on Administrative Co-operation ("the DAC2") to ensure that EU law is fully aligned with the CRS. The DAC2 was brought into force as EU law as of 9 December 2014.

Under the CRS and DAC2, the tax residency of a Shareholder will need to be determined. In order to do so, a Shareholder may be asked to complete the appropriate self-certification form and return it to the ACD. Completing this form will ensure that accurate and up to date information about the tax residency of a Shareholder is being held.

The CRS does not impose a withholding tax obligation.

The CRS supersedes the Regulations to enact the Agreements made between the UK and the Governments of the Isle of Man, Jersey, Guernsey and Gibraltar.

Shareholders in the Company should consult their own tax advisers regarding the application of information exchange between governments to their particular circumstances. More information on the CRS can be found at www.crs.hsbc.com.

The OECD has developed the rules to be used by all governments participating in the CRS and these can be found on the OECD's Automatic Exchange of Information (AEOI) website www.oecd.org/tax/automatic-exchange/.

Individual Savings Accounts (ISAs)

The Shares are qualifying investments for inclusion in an ISA.

Disclaimer

The above statements are based on the ACD's understanding of current UK law and HM Revenue & Customs practice at the time of printing which may be subject to retrospective change. The future basis and rates of taxation may change without warning.

Although the ACD has endeavoured to provide accurate information on tax law and practice in the forgoing text, it cannot guarantee that such information is a correct interpretation of the legislation concerned. Shareholders are recommended to consult their professional advisers if they are in any doubt as to their individual tax position.

Instrument of Incorporation

The Instrument of Incorporation of the Company (which is available for inspection at the ACD's offices) contains provisions to the following effect:

Object

The object of the Company is to invest the scheme property in transferable securities, money market instruments, deposits, units and shares in collective investment schemes, cash and near cash, derivative instruments and forward transactions and other investments permitted by the FCA Rules applicable to the Company and each Fund (which may include stock lending, borrowing, cash holdings, hedging and using other investment techniques permitted in applicable FCA Rules) with the aim of spreading investment risk and giving its Shareholders the benefit of the results of the management of that property.

Shares and Share Classes

The Company may from time to time issue new Share Classes in respect of a Fund and the directors may by resolution from time to time create additional Share Classes in respect of a Fund (whether or not falling within one of the Share Classes in existence on incorporation).

The directors may by resolution from time to time create additional Funds with such investment objectives and such restrictions as to investment or otherwise and denominated in such currencies, as the directors shall from time to time determine.

Transfer of Shares

All transfers of registered Shares must be effected by transfer in writing in any usual or common form or in any other form as may be approved by the directors. Any signature on an instrument of transfer may be affixed manually or electronically and be an actual signature or a facsimile signature or any form of signature or personal identification approved by the directors. The directors shall not be bound to enquire as to the genuineness of any signature.

No instrument of transfer may be given in respect of more than one Share Class.

In the case of a transfer to joint holders, the number of joint holders to whom a Share is to be transferred may not exceed four.

Unless the ACD in its discretion decides otherwise no transfer may result in either the transferor or the transferee holding fewer Shares of the Share Class concerned or Shares having a lesser aggregate value than any number or value as is stated in the Prospectus as the minimum which may be held.

Income

The income available for distribution or accumulation in relation to a Fund is determined in accordance with the FCA Rules. In essence it comprises all sums deemed by the Company, after consultation with the auditor, to be in the nature of income received or receivable for the account of the Company and attributable to the Fund in respect of the accounting period concerned, after deducting charges and expenses paid or payable out of such income and after making such adjustments as the ACD considers appropriate, after consulting the auditors in accordance with the FCA Rules, in relation to taxation and other matters.

Income relating to a Fund is allocated among Share Classes in that Fund as it accrues or is received in accordance with the respective proportionate interest in the property of the Fund represented by the Shares in issue at the valuation point in question.

The following provisions shall apply to Shares in issue in respect of the Funds:

(a) An allocation of income (whether annual, interim or otherwise) to be made in respect of each Share to which this provision applies issued by the Company or sold by the ACD during the accounting period in respect of which that income allocation is made shall be of the same amount as the allocation to be made in respect of the other Shares of the same Share Class in issue in respect of the same Fund but shall include a capital sum ("income equalisation") representing the ACD's best estimate of the amount of income included in the price of that Share.

(b) The amount of income equalisation in respect of any Share shall be either:

   (i) the actual amount of income included in the issue price of that Share; or

   (ii) an amount arrived at by taking the aggregate of the amounts of income included in the price in respect of Shares of that Share Class issued or sold in the annual or interim accounting period in question and dividing that aggregate amount by the number of such Shares and applying the resultant average to each of the Shares in question.

Each allocation of income made in respect of any Fund at a time when more than one Share Class is in issue in respect of that Fund shall be made by reference to the Shareholders' proportionate interests in the scheme property of the Fund in question. The proportionate interest of each Share Class in the assets and income of the Fund shall be calculated as follows:

(a) A notional account will be maintained for each Share Class. Each account will be referred to as a "Proportion Account". The word "proportion" in the following paragraphs means the proportion which the balance on a Proportion Account at the relevant time bears to the balance on all the Proportion Accounts of a Fund at that time.

(b) There will be credited to a Proportion Account:

   (i) the subscription money (excluding any Initial Charges or dilution adjustment to the price of a Share) for the issue of Shares of the relevant Share Class;

   (ii) that Share Class' proportion of the amount by which the Net Asset Value of the Fund exceeds the total subscription money for all Shares in the Fund;

   (iii) that Share Class' proportion of the Fund's income received and receivable; and

   (iv) any notional tax benefit as referred to in (d) below.

(c) There will be debited to a Proportion Account:

   (i) the redemption payment for the cancellation of Shares of the relevant Share Class;

   (ii) that Share Class' proportion of the amount by which the Net Asset Value of the Fund falls short of the total subscription money for all Shares in the Fund;

   (iii) all distributions of income (including income equalisation) made to Shareholders of that Share Class;

   (iv) all costs, charges and expenses incurred solely in respect of that Share Class;

   (v) that Share Class' share of the costs, charges and expenses incurred in respect of that Share Class and one or more other Share Classes in the Fund, but not in respect of the Fund as a whole;

   (vi) that Share Class' proportion of the costs, charges and expenses incurred in respect of or attributable to the Fund as a whole; and

   (vii) any notional tax liability as referred to in (d) below.

(d) Any tax liability in respect of the Fund and any tax benefit received or receivable in respect of the Fund will be allocated between Share Classes in order to achieve, so far as possible, the same result as would have been achieved if each Share Class were itself a Fund so as not materially to prejudice any Share Class. The allocation will be carried out by the ACD after consultation with the auditors.

(e) Where a Share Class is denominated in a currency which is not the base currency, the balance on the Proportion Account shall be converted into the base currency in order to ascertain the proportions of all Share Classes. Conversions between currencies shall be at a rate of exchange decided by the ACD as being a rate that is not likely to result in any material prejudice to the interests of Shareholders or potential shareholders.

(f) The Proportion Accounts are notional accounts maintained for the purpose of calculating proportionate interests. They do not represent debts from the Company to Shareholders or the other way round.

Each credit and debit to a Proportion Account shall be allocated to that account on the basis of that Share Class' proportion immediately before the allocation. All such adjustments shall be made as are necessary to ensure that on no occasion on which the proportions are ascertained is any amount counted more than once.

The proportionate interest of a Share Class in the assets and income of a Fund is its “proportion”.

When Shares are issued thereafter, each such Share shall represent the same proportionate interest in the property of the relevant Fund as each other Share of the same category and Share Class then in issue in respect of that Fund.

The Company may adopt a method of calculating the amount of income to be allocated between the Shares in issue in respect of any Fund which is different to the method set out above if the ACD is satisfied that such method is fair to Shareholders and that it is reasonable to adopt such method in the given circumstances.

If a distribution of income remains unclaimed for three consecutive distributions then the ACD may convert the holding to Accumulation Shares, and will purchase additional Shares with the unclaimed income.

Subject to the preceding paragraph, any distribution remaining unclaimed after a period of six years shall become part of the capital property of the relevant Fund.

Number of Directors

Unless otherwise determined by an extraordinary resolution of Shareholders the Company shall only have one director.

Removal of ACD

The Company may by ordinary resolution remove the ACD before the expiration of its period of office, notwithstanding anything in the Instrument of Incorporation or in any agreement between the Company and the ACD, but the removal will not take effect until the FCA have approved it and a new authorised corporate director approved by the FCA has been appointed.

Proceedings at General Meetings

The Instrument of Incorporation contains provisions relating to general meetings and the proceedings at such meetings. Such provisions shall also apply to Share Class meetings and Fund meetings in the same way as they apply to general meetings.

Instrument of Incorporation

(a) The Instrument of Incorporation may be amended by resolution of the ACD to the extent permitted by the FCA Rules.

(b) In the event of any conflict arising between any provision of the Instrument of Incorporation and either the OEIC Regulations or the FCA Rules, the FCA Rules will prevail.

Indemnity

The Instrument of Incorporation contains provisions indemnifying every director, other officer, auditor and depositary against liability (amongst other things) in defending any proceedings for negligence, default, breach of duty or breach of trust in which judgement is given in their favour.

Meetings and Voting Rights

General Meetings

The Company will not hold an annual general meeting. Copies of the contracts of service between the Company and its directors, including the ACD, will be provided to a Shareholder on request. The ACD or the Shareholders may requisition a general meeting of Shareholders at any time. A requisition by Shareholders must state the objects of the meeting, be dated, be signed by Shareholders who, at the date of requisition, are registered as the holders of Shares representing not less than one-tenth in value of all Shares then in issue and the requisition must be deposited at the head office of the Company. The ACD must convene a general meeting for a date no later than eight weeks after receipt of such requisition.

Notice and Quorum

Shareholders will receive at least 14 days' written notice of a Shareholders' meeting. No business may be transacted at a general meeting unless a quorum is present. The quorum for a meeting is two Shareholders present in person or by proxy. If a quorum is not present within 15 minutes after the time fixed for the start of the meeting, the meeting will stand adjourned.

If at an adjourned meeting a quorum is not present within 15 minutes after the time fixed for the start of the meeting, one person entitled to be counted in a quorum shall constitute the quorum.

Notices of meetings and adjourned meetings will be sent to Shareholders at their registered addresses.

Voting Rights

Generally, Shareholders are entitled to receive notice of a meeting and to vote at a meeting if they were holders of Shares in the Company on the date seven days before the notice is deemed served. This will not, however, include those who are known to the ACD not to be holders at the date of the meeting.

At a meeting of Shareholders, on a show of hands every Shareholder who (being an individual) is present in person or (being a corporation) is present by its properly authorised representative is entitled to one vote.

On a poll vote, a Shareholder may vote either in person or by proxy. The voting rights attaching to each Share in such a case are such proportion of the voting rights attached to all the Shares in issue as the price of the Share bears to the aggregate price(s) of all the Shares in issue at the date seven days before the notice of meeting is deemed to have been served.

An instrument appointing a proxy shall be in writing in any usual or common form, or any other form approved by the ACD. The person appointed to act as a proxy need not be a Shareholder.

A Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

The ACD is entitled to attend any meeting but, except in relation to third party Shares, may not vote or be counted in the quorum for a meeting and any Shares it holds are treated as not being in issue for the purposes of the meeting. An associate (as defined in the FCA Rules) of the ACD is entitled to attend any meeting of the Company and may be counted in the quorum, but may not vote except in relation to third party Shares. For these purposes third party Shares are any Shares which the ACD or associate holds on behalf of or jointly with a person who, if the registered Shareholder would be entitled to vote and from whom the ACD or associate has received voting instructions.

Powers of a Shareholders' Meeting

The Instrument of Incorporation and the FCA Rules empower Shareholders in general meeting to approve various matters including:

(a) removal of the ACD;

(b) changes to some of the matters contained in the Instrument of Incorporation and this Prospectus; and

(c) a Scheme of Arrangement.

In accordance with the FCA Rules, other provisions may be changed by the ACD without the approval of Shareholders in general meeting.

For certain other matters the FCA Rules or the Instrument of Incorporation require an extraordinary resolution (which needs 75% of the votes cast at the meeting to be in favour if the resolution is to be passed).

Share Class and Fund Meetings

The above provisions, unless the context otherwise requires, apply to Share Class meetings and meetings of Funds as they apply to general meetings of Shareholders but by reference to Share Class or Fund concerned and the Shareholders and prices of such Shares.

Variation of Share Class Rights

The rights attached to a Share Class or Fund may only be varied with the sanction of a resolution passed at a meeting of Shareholders of that Share Class or Fund by a 75% majority of those votes validly cast for and against such resolution.

Proceedings at General Meetings

Prior to each general meeting, a director other than the ACD or an associate shall nominate a chairman or, if no such nomination is made, the Depositary shall nominate an individual to act as chairman. If the representative is not present within 15 minutes after the time fixed for the start of the meeting or is not willing or able to act, the Shareholders present shall choose one of their number to be chairman of the meeting.

The chairman of any quorate meeting may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or for an indefinite period) and from place to place. No business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.

A resolution put to the vote of a general meeting or Share Class meeting must be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:-

(a) the chairman of the meeting;

(b) not less than two Shareholders; or

(c) the Depositary.

Unless a poll is required, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book or other record of proceedings, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such a manner (including the use of ballot papers or electronic or computer voting systems) as the chairman may direct.

The chairman of a general meeting may take any action he considers appropriate for, for example, the safety of people attending a general meeting, the proper and orderly conduct of the general meeting or in order to reflect the wishes of the majority.

Corporations Acting by Representatives

Any corporation which is a Shareholder of the Company may by resolution of the directors or other governing body of such corporation and in respect of any Share or Shares in the Company of which it is the holder authorise such individual as it thinks fit to act as its representative at any general meeting of the Shareholders or of any Share Class meeting or Fund meeting. The individual so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise in respect of such Share or Shares if it were an individual Shareholder of the Company and such corporation shall be deemed to be present in person at any such meeting if an individual so authorised is so present.

Winding up of the Company and Winding up or Termination of Funds

The Company may be wound up under the FCA Rules or as an unregistered company under Part V of the Insolvency Act 1986. A Fund may be terminated under the FCA Rules or wound up as an unregistered company under Part V of the Insolvency Act 1986 (as amended).

Winding up or termination under the FCA Rules may be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a statement (following a full enquiry into the affairs of the Company or the Fund) either that the Company or the Fund will be able to meet its liabilities (including contingent and prospective) within 12 months of the date of the statement or that the Company or the Fund will be unable to do so. The Company or the Fund may not be wound up or terminated under the FCA Rules if there is a vacancy in the position of authorised corporate director at the relevant time.

Subject to the above, the Company may be wound up or a Fund wound up or terminated under the FCA Rules:

(a) if an extraordinary resolution to that effect is passed by Shareholders; or

(b) if the share capital of the Company is below its prescribed minimum or (in relation to any Fund) the Net Asset Value of the Fund is less than £1 million, or if a change in the laws or regulations of any country means that, in the ACD’s opinion, it is desirable to terminate the Fund; or

(c) if the FCA agrees to a request by the ACD for the revocation of the authorisation order in respect of the Company or the relevant Fund.

Following the occurrence of any of the above:

(a) The provisions in Sections 5 (Investment and Borrowing Powers), 6.2 (Dealing) and 6.3 (Valuation and Pricing) of the FCA Rules will cease to apply to the Company or to the Shares and scheme property in the case of a Fund;

(b) The Company will cease to issue and cancel Shares in the Company or the particular Fund;

(c) The ACD will cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company or the particular Fund;

(d) No transfer of a Share will be registered and no other change to the Register will be made without the sanction of the ACD;

(e) Where the Company is being wound up, the Company will cease to carry on its business except in so far as it is beneficial for the winding up of the Company;

(f) The corporate status and powers of the Company and, subject to the provisions of (a) and (e) above, the powers of the ACD will remain until the Company is dissolved; and

(g) As soon as practicable after winding up or termination has commenced the ACD must, if it has not previously notified Shareholders of the proposal to wind up the Company or to terminate or wind up the Fund, give written notice of the commencement of the winding up or termination to the Shareholders.

Winding up a Company or terminating a Fund under the FCA Rules is carried out by the ACD. The ACD will, as soon as practicable after the Company or the Fund falls to be wound up or terminated, realise the assets and meet the liabilities of the Company or the Fund and, after paying or making adequate provision for the cost of winding up or termination and for all liabilities properly payable, may arrange for the Depositary to make one or more interim distributions to Shareholders proportionately to their rights to participate in the scheme property of the Company or the Fund.

When the ACD has caused all of the scheme property to be realised and all of the liabilities of the Company or the particular Fund known to the ACD to be realised, the ACD will arrange for the Depositary to make a final distribution to Shareholders on or prior to the date on which the final account is sent to Shareholders of any balance remaining (net of a provision for any future expenses of the Company or the Fund) in proportion to their holdings in the Company or the particular Fund.

The winding up of the Company or winding up or termination of the Fund is subject to the terms of any 'Scheme of Arrangement' sanctioned by an extraordinary resolution passed on or before the commencement of the winding up or termination.

On completion of a winding up of the Company or winding up or termination of a Fund, the Company or Fund will be dissolved or terminated and any money (including unclaimed distributions) standing to the account of the Company, will be paid into court within one month of dissolution or termination.

As soon as reasonably practicable after the completion of the winding up of the Company or winding up or termination of any particular Fund, the Depositary shall notify the FCA that the winding up or termination has been completed.

Following the completion of a winding up of the Company or the winding up or termination of a Fund, the ACD must prepare a final account showing how the winding up or termination was conducted and how the scheme property was distributed. The Company's auditors will make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. Within four months of the date of completion of the winding up of the Company or winding up or termination of the Fund, this final account and the auditors' report must be sent to the FCA and to each Shareholder (or in the case of joint holders the first named).

As the Company is an umbrella company, any liabilities attributable or allocated to a particular Fund under the FCA Rules will be met out of the scheme property attributable or allocated to that particular Fund.

The assets of a Fund of the Company belong exclusively to that Fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Company, or any other Fund of the Company, and shall not be available for any such purpose.

General Information

Accounting Periods

The annual accounting period of the Company ends each year on 15 January (the accounting reference date) and the interim accounting period ends each year on 15 July.

Annual Reports and Distributions

Annual Report and Accounts (each a 'Report') of the Company will be published within four months of the end of each annual accounting period. Half-yearly will be published within two months of the end of each interim accounting period.

Reports containing the full financial statements are available on the ACDs website or on request from the ACD.

Distributions will be made within two months of the annual accounting period and where applicable, within two months of the interim accounting period.

The frequency of income distribution and dates for each Fund are shown below.

With the exception of the Monthly Income Fund, it is the ACD's policy to distribute all available income received into the Fund on the relevant distribution dates. For the Monthly Income Fund it is the ACD's policy to smooth the payment of income distributions over the annual accounting period, where possible. The effect of this smoothing process means the income payments will be more consistent and less volatile.

Fund	Income Frequency	Distribution Dates	Distribution Type
Balanced Fund	Half-yearly	15/03, 15/09	Dividend
Corporate Bond Fund	Quarterly	15/03, 15/06, 15/09, 15/12	Interest
Gilt & Fixed Interest Fund	Quarterly	15/03, 15/06, 15/09, 15/12	Interest
Global Equity Income Fund	Quarterly	15/03, 15/06, 15/09, 15/12	Dividend
Global High Income Bond Fund*	Monthly	15th of the month	Interest
Income Fund	Half-yearly	15/03, 15/09	Dividend
Monthly Income Fund	Monthly	15th of the month	Dividend
UK Growth & Income Fund	Half-yearly	15/03, 15/09	Dividend

* This Fund is currently being wound up and is no longer available for investment.

Half yearly statements

Half yearly statements will be sent to Shareholders as at 30 April and 31 October each year. These statements will include details of Shares held in Funds of the Company as well as shares held in other OEICs managed by the ACD.

Documents of the Company

The following documents may be inspected free of charge between 9.00am and 5.00pm on every Business Day at the ACD's office:

(a) the most recent annual and half-yearly reports of the Company;

(b) the Instrument of Incorporation (and any amending Instrument of Incorporation); and

(c) the ACD Agreement.

Shareholders and potential shareholders may obtain copies of these documents from the ACD, HSBC Global Asset Management (UK) Limited, 8 Canada Square, London E14 5HQ. The ACD reserves the right to make a charge at its discretion for copies of the documents listed at (b) and (c) above.

Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and the ACD:

(a) the ACD Agreement between the Company and the ACD;

(b) the Depositary Agreement between the Company and the Depositary;

(c) the discretionary investment management agreement between the ACD and HSBC Global Asset Management (USA) Inc in respect of the Global High Income Bond Fund*.

* This Fund is currently being wound up and is no longer available for investment.

Details of the contracts listed above are given in the earlier Section "Management and Administration" on page 39.

Exemption from liability to account for profits

The Company, ACD, Depositary, Custodian, Registrar and Administrator or any affected person are not liable to account to each other or to Shareholders for any profits or benefits made or received that are made or received from or in connection with:

(a) dealings in the Shares;

(b) any transaction in the scheme property; or

(c) the supply of services to the Fund/Company.

Professional Indemnity

The ACD has professional indemnity insurance and maintains an amount of its own funds in order to protect Shareholders where there is professional negligence and to satisfy the requirements laid down in the FCA rules.

Remuneration Policy

The ACD has established a remuneration policy for those categories of staff, including senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profiles of the ACD, the Company or the Funds. The remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles of the Company and the Funds or the Instrument. The ACD's remuneration policy is intended to be consistent with the obligation of the ACD to act in the best interest of the Company and the Funds.

The up-to-date remuneration policy of the ACD, including, but not limited to, a description of how remuneration and benefits are determined and the governance arrangements for determining remuneration and benefits is available at www.assetmanagement.hsbc.com and choose "United Kingdom" then "Individual Investors" or "Financial intermediary" then "About Us" and then "Governance". A paper copy is available from the ACD free of charge upon request.

Property

There is no intention for the Company to have an interest in any immovable property.

Stewardship

The ACD's policy on exercising any voting rights on the underlying assets of the Fund(s) together with information about how the ACD has voted on any previous voting events is available at www.assetmanagement.hsbc.com and choose "United Kingdom" then "Individual Investors" or "Financial intermediary" then "About Us" and then "Governance".

Complaints

Complaints may be referred to the ACD at HSBC Global Asset Management (UK) Limited, PO Box 3733, Royal Wootton Bassett, Swindon SN4 4BG. If the complaint has not been resolved to the satisfaction of the complainant within two months, the ACD must report to the FCA.

A complainant also has the right to address a complaint directly to the Financial Ombudsman Service whose postal address is Exchange Tower, Harbour Exchange Square, London E14 9SR. Telephone free from a landline on 0800 023 4 567; from a mobile on 0300 123 9 123 (charges are same rate as 01 and 02 numbers on mobile tariffs) and overseas +44 20 7964 0500. Email: complaint.info@financial-ombudsman.org.uk. Further details may be obtained from the Compliance Officer at the above address.

The importance of keeping contact details updated

Shareholders must ensure that they provide the Administrator with any changes to their personal details (including postal address, telephone numbers or any other personal contact details) so the Administrator can keep in contact with Shareholders.

If Shareholders do not keep the Administrator informed of any changes and it is unable to contact a Shareholder, the Administrator may not be able to carry out the Shareholder's instructions, manage their account and it could mean the Shareholder ultimately loses contact with their money.

Further information

References to time in this Prospectus are to London time unless otherwise stated.

Appendix 1

Individual Fund Information

The definitions for the words in ***bold italic*** text in the individual fund information tables below can be found on pages 4 to 8 of this Prospectus.

<table>
<tr><th colspan="2">BALANCED FUND</th></tr>
<tr><td>Investment Objective</td><td>The Fund aims to provide growth in the long term, which is a period of five years or more, together with income.</td></tr>
<tr><td>Investment Policy</td><td> To achieve its objective the Fund will invest in a range of asset classes including shares (equities) of companies, bonds and (through indirect investment) alternative asset classes such as property and hedge funds. The portfolio will be invested across global markets.
The Fund will invest a minimum of 70% of its value in collective investment schemes that in turn invest in a range of asset classes, including schemes which aim to track an index. The Fund can invest up to 100% in collective investment schemes. The collective investment schemes in which the Fund may invest will, where possible, be those managed or operated by the HSBC Group.
The Fund may invest up to 30% of its value directly in shares of companies and bonds.
The Fund may also invest in approved money market instruments, deposits and cash to manage day-to-day cash flow requirements.
The Fund may invest in derivatives for efficient portfolio management purposes, including hedging. This means investment techniques that aim to reduce risks, reduce costs or generate growth and income. The Fund may also use derivatives for broader investment purposes to help the Fund meet its objective. The Fund does not intend to use derivatives extensively for investment purposes and their use will be consistent with the risk profile of the Fund. </td></tr>
<tr><td>Investment Strategy</td><td> The Fund invests in a range of asset classes in order to meet its objective. The allocation to these asset classes will vary over time to reflect both the investment return expectations and the views on the current market environment.
The desired allocation to each asset class will be achieved by investing in either collective investment schemes, derivatives or directly in shares of companies and bonds. The Fund is actively managed but may invest in collective investment schemes and classes of direct securities that in turn are managed with the aim of tracking an index, known as passive management.
Under typical market conditions, the portfolio will have the following asset class exposures. It should be noted that these percentages will fluctuate based upon market movement and adjustments to the asset allocation to enable the Fund to meet its aim.
<table>
<tr><th>Asset Class</th><th>Exposure as a % of the Fund</th></tr>
<tr><td>Equity
Global Equity</td><td>50% - 80%</td></tr>
<tr><td>Fixed Interest
Global Development Market Government Bonds
Global High Yield Bonds
Emerging Market Bonds – Hard Currency
Emerging Market Bonds – Local Currency</td><td>15% - 50%</td></tr>
<tr><td>Alternative asset classes
Property-Related Securities
Hedge Funds</td><td>0% - 20%</td></tr>
<tr><td>Cash</td><td>0% - 10%</td></tr>
</table></td></tr>
</table>

Investment Strategy (Continued)	**Use of Benchmark** The Fund is not managed with reference to a benchmark. The performance of the Fund is shown against the performance of the Investment Association Mixed Investment 40-85% Shares sector for comparison purposes. The Investment Association Mixed Investment 40-85% Shares sector has been selected to compare performance against because it consists of funds similar to the Fund. Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics. **Use of *Derivatives*** The Fund may invest in ***exchange traded*** and ***over-the-counter derivatives*** in accordance with Part C and Part D of Appendix 3. In particular, ***equity index futures*** may be used to increase or reduce ***equity*** exposure and ***bond index futures*** may be used with the aim of managing the overall ***bond duration***. ***Currency forward contracts*** will be used to gain exposure to currencies or with the aim of ***hedging*** against movements in the rate of exchange between sterling and the currency in which the ***bonds*** and other assets may be denominated.
SRRI*	4
Share Classes Currently Offered	Retail Income Retail Accumulation Institutional Accumulation Income C Accumulation C
Risk Categories (refer to Section "Risks" on page 30)	General Cancellation Efficient Portfolio Management (EPM) and Counterparty Risk Leverage Risk Collateral Risk Fixed Income Securities Currency Exchange Rates Investing in Europe United Kingdom Leaving the European Union Suspension of Dealings Liabilities Emerging Markets Banned Weapons Policy Derivatives Alternative Investments

CORPORATE BOND FUND	
Investment Objective	The Fund aims to provide higher ***returns*** (before charges and tax are deducted from the Fund) than the Markit iBoxx GBP Corporates Index plus 1% per year, over three-year periods.
Investment Policy	To achieve its objective the Fund will invest at least 80% of its value in ***bonds*** that have a ***credit rating*** of ***investment grade*** and are issued in sterling or are ***hedged*** back to sterling. The ***bonds*** may be issued by companies and ***supranational*** or government-backed organisations which may be located anywhere in the world. The types of ***bond*** the Fund may invest in include ***covered bonds*** and ***asset backed securities.*** The Fund may also invest up to 20% of its value in other types of ***bonds*** such as ***bonds*** issued by governments, ***bonds*** with lower ***credit ratings***, ***convertible bonds***, ***contingent convertible bonds*** and shares (***equities***) of companies arising from ***convertible bonds***. The Fund may invest up to 10% of its value in ***collective investment schemes,*** which in turn invest in ***bonds*** and other assets. The ***collective investment schemes*** may be managed by the ***HSBC Group***. The Fund may invest in ***money market instruments***, deposits and cash to manage day-to-day cash flow requirements. The Fund may invest in ***derivatives*** for ***efficient portfolio management*** purposes, including ***hedging***. This means investment techniques that aim to reduce risks, reduce costs or generate ***growth*** and ***income***. The Fund may also use ***derivatives*** for broader investment purposes to help the Fund meet its objective. The use of ***derivatives*** will be consistent with the risk profile of the Fund.
Investment Strategy	The investment strategy of the fund focuses mainly on identifying through analysis sterling corporate ***bonds*** that have an attractive value relative to the wider range of ***bonds*** that are available within this market. The investment team will analyse the fundamental aspects of the companies issuing these ***bonds***, the valuation of these ***bonds*** and the demand/supply aspects of the specific ***bond*** and overall market in order to implement active investment decisions. **Use of benchmarks** The Fund is managed with reference to the Markit iBoxx GBP Corporates Index. The fund manager is not limited to investing in ***bonds*** that are part of the Markit iBoxx GBP Corporates Index. The fund manager aims to generate ***returns*** in excess of the Markit iBoxx GBP Corporates Index plus 1% per year, over three-year periods, before charges and tax are deducted from the Fund. This is based on our current view of ***returns*** the Fund may potentially achieve, which may change. The Markit iBoxx GBP Corporates Index is also considered as part of our investment risk monitoring process, to check that the overall level of risk taken by the fund manager is not inconsistent with the sterling corporate ***bond*** market. To enable investors to assess the performance of the Fund, it is shown against the performance of the Markit iBoxx GBP Corporates Index plus 1% per year, over three-year periods, before charges and tax are deducted from the Fund, where permitted by regulation. The performance of the Fund may also be shown against the performance of the Investment Association £ Corporate ***Bond*** sector for comparison purposes only. The Markit iBoxx GBP Corporates Index has been selected as a benchmark for performance and risk measurement because it is representative of the sterling corporate ***bonds*** in which the Fund may invest. The Investment Association £ Corporate ***Bond*** sector has been selected as a benchmark for performance comparison because it consists of funds similar to the Fund. Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.

Investment Strategy (Continued)	**Use of *derivatives*** The Fund may invest in ***exchange-traded*** and ***over-the-counter derivatives*** in accordance with Part C and Part D of Appendix 3. In particular, credit default swaps and credit default swap indices may be used to increase or reduce credit exposure and futures and interest rate swaps may be used with the aim of managing the Fund's overall ***duration***. ***Currency forward contracts*** will be used with the aim of substantially ***hedging*** against movements in the rate of exchange between sterling and the currency in which the ***bonds*** and other assets may be denominated.
SRRI*	4
Share Classes Currently Offered	Retail Income Retail Accumulation Income C Accumulation C Institutional Accumulation Institutional Income Institutional Gross Accumulation
Risk Categories (refer to Section "Risks" on page 30)	General Cancellation Efficient Portfolio Management (EPM) and Counterparty Risk Leverage Risk Collateral Risk Currency Exchange Rates United Kingdom Leaving the European Union Fixed Income Securities Convertible Securities Suspension of Dealings Liabilities Banned Weapons Policy Derivatives

GILT & FIXED INTEREST FUND	
Investment Objective	The Fund aims to provide higher ***returns*** (before charges and tax are deducted from the Fund) than the FTSE Actuaries UK Conventional Gilts All Stocks Index plus 0.75% per year, over three-year periods.
Investment Policy	To achieve its objective, the Fund will invest at least 95% of its value in ***bonds*** that have a ***credit rating*** the same or higher than that of the UK and are issued in sterling or hedged back to sterling. The ***bonds*** may be issued by governments and government-backed organisations which may be located anywhere in the world. The Fund will invest at least of 80% of its value in ***bonds*** issued by the UK government (gilts). The Fund may also invest up to 5% of its value in other types of ***bonds*** such as ***bonds*** with lower ***credit ratings***, ***bonds*** issued by companies, ***convertible bonds***, ***contingent convertible bonds*** and shares (***equities***) of companies arising from ***convertible bonds***. The Fund may invest up to 10% of its value in ***collective investment schemes***, which in turn invest in ***bonds*** and other assets. The ***collective investment schemes*** may be managed by the ***HSBC Group***. The Fund may invest in ***money market instruments***, deposits and cash to manage day-to-day cash flow requirements. The Fund may invest in ***derivatives*** for ***efficient portfolio management*** purposes, including ***hedging***. This means investment techniques that aim to reduce risks, reduce costs or generate ***growth*** and ***income***. The Fund may also use ***derivatives*** for broader investment purposes to help the Fund meet its objective. The use of ***derivatives*** will be consistent with the risk profile of the Fund.
Investment Strategy	The investment strategy of the fund incorporates both qualitative and quantitative fundamental analysis of the UK gilt market, with the aim of identifying investment opportunities related to the anticipated movement of UK gilt ***yields*** across all maturities. **Use of benchmark** The Fund is managed with reference to the FTSE Actuaries UK Conventional Gilts All Stocks Index. The fund manager aims to generate ***returns*** in excess of the FTSE Actuaries UK Conventional Gilts All Stocks Index plus 0.75% per year, over three-year periods, before charges and tax are deducted from the Fund. This is based on our current view of ***returns*** the Fund may potentially achieve, which may change. The fund manager is not limited to investing in ***bonds*** that are part of the FTSE Actuaries UK Conventional Gilts All Stocks Index. The FTSE Actuaries UK Conventional Gilts All Stocks Index is also considered as part of our investment risk monitoring process, to check that the overall level of risk taken by the fund manager is not inconsistent with the UK government ***bond*** (gilts) market. To enable investors to assess the performance of the Fund it is compared against the performance of the FTSE Actuaries UK Conventional Gilts All Stocks Index plus 0.75% per year, over three-year periods, before charges and tax are deducted from the Fund, where permitted by regulation. The performance of the Fund may also be shown against the performance of the Investment Association UK Gilts sector for comparison purposes only. The FTSE Actuaries UK Conventional Gilts All Stocks Index has been selected as a benchmark for performance and risk measurement because it is representative of the UK government ***bonds*** (gilts) in which the Fund may invest. The Investment Association UK Gilts sector has been selected as a benchmark for performance comparison because it consists of funds similar to the Fund. Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.

Investment Strategy (Continued)	**Use of *derivatives*** The Fund may invest in ***exchange traded*** and ***over-the-counter derivatives*** in accordance with Part C and Part D of Appendix 3. In particular, credit default swaps and credit default swap indices may be used to increase or reduce credit exposure and futures and interest rate swaps may be used with the aim of managing the Fund's overall ***duration***. ***Currency forward contracts*** will be used with the aim of substantially ***hedging*** against movements in the rate of exchange between sterling and the currency in which the ***bonds*** and other assets may be denominated.
SRRI*	4
Share Classes Currently Offered	Retail Income Retail Accumulation Income C Accumulation C Institutional Income
Risk Categories (refer to Section "Risks" on page 30)	General Cancellation Efficient Portfolio Management (EPM) and Counterparty Risk Leverage Risk Collateral Risk United Kingdom Leaving the European Union Fixed Income Securities Geographical Concentration Suspension of Dealings Liabilities Banned Weapons Policy Derivatives

GLOBAL EQUITY INCOME FUND	
Investment Objective	The Fund aims to provide ***income*** together with ***growth*** in the long term, which is a period of five years or more. The Fund intends to provide a level of ***income*** consistent with the Investment Association Global ***Equity Income*** sector.
Investment Policy	To achieve its objective, the Fund will invest at least 80% of its value in shares (***equities***) of companies based in any country, including ***preference shares***. Companies may be from ***developed markets*** and ***emerging markets*** and have a large or medium market value. The Fund may invest up to 20% of its value in assets equivalent to shares of companies, including depositary receipts, as well as in real estate investment trusts. The Fund may invest up to 10% of its value in ***collective investment schemes***, which in turn invest in the shares of companies and other assets. The ***collective investment schemes*** may be managed by the ***HSBC Group***. The Fund may invest in ***money market instruments***, deposits and cash to manage day-to-day cash flow requirements. The Fund may invest in ***derivatives*** for ***efficient portfolio management*** purposes, including ***hedging***. This means investment techniques that aim to reduce risks, reduce costs or generate ***growth*** and ***income*** with a level of risk that is consistent with the risk profile of the Fund.
Investment Strategy	The investment process aims to identify companies that deliver longer term ***value creation*** in a sustainable manner. The fund manager will typically invest in the shares of 50 to 60 companies that can be purchased at an attractive valuation. The fund manager may vary this depending on market conditions and the investment opportunities that are available. The investment process is longer term in nature and as a result ***stewardship*** activity is integrated into investment decisions. **Use of Benchmarks** The Fund is managed with reference to the MSCI All Countries World Index. The level of risk the Fund may take is considered relative to the MSCI All Countries World Index as part of the portfolio construction process. This means the Fund ***returns*** are more likely to be closer to the ***returns*** of the MSCI All Countries World Index than if there were no limits on the level of risk the Fund may take. Separately, the Index is also considered as part of our investment risk monitoring process, to check that the overall level of risk taken by the fund manager is not inconsistent with the global ***equities*** market. The performance of the Fund is therefore shown against the performance of the MSCI All Countries World Index. The performance of the Fund may also be shown against the performance of the Investment Association Global ***Equity Income*** sector for comparison purposes only. The definition of the Investment Association Global ***Equity Income*** sector includes: funds that intend to provide ***income*** above 100% of the ***income*** of the MSCI All Countries World Index over three-year periods and above 90% over one-year periods. The MSCI All Countries World Index has been selected as a benchmark for performance and risk measurement because it is representative of the companies in which the Fund may invest. The Investment Association Global ***Equity Income*** sector has been selected as a benchmark for performance comparison because it consists of funds similar to the Fund. Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.

Investment Strategy (Continued)	**Use of *Derivatives*** The Fund may invest in ***exchange traded*** and ***over-the-counter derivatives*** in accordance with Part D of Appendix 3. Although the Fund has the ability to use ***currency forward contracts*** or other ***derivative*** instruments to ***hedge*** against movements in the rate of exchange between sterling and other currencies in which the Fund's assets may be denominated, the Fund does not currently do so.
SRRI*	6
Share Classes Currently Offered	Income C Accumulation C Institutional Accumulation Institutional Income
Risk Categories (refer to Section "Risks" on page 30)	General New Funds Cancellation Efficient Portfolio Management (EPM) and Counterparty Risk Leverage Risk Collateral Risk Currency Exchange Rates Investing in Europe United Kingdom Leaving the European Union Suspension of Dealings Charges to Capital Liabilities Emerging Markets Banned Weapons Policy

GLOBAL HIGH INCOME BOND FUND **NOTE:** This Fund is currently being wound up and is no longer available for investment	
Investment Objective	To provide a high level of income by investing in a portfolio of global bonds.
Investment Policy	To substantially invest in a combination of higher yielding investment grade and below-investment grade bonds issued in any country, including developed and emerging markets. The bonds may be issued by public and private corporations, governments and government-related entities and denominated in a range of currencies. The bonds may make fixed or variable rate coupon payments. The bonds and related securities that the Fund may invest in can include covered bonds, convertible and contingent convertible securities, equities arising from the conversion of convertible securities and asset backed securities, as a lesser proportion of the overall portfolio. The asset backed securities may include mortgage backed securities and collateralised debt obligations. The Fund may use exchange traded and over the counter derivative instruments for hedging purposes and to assist the Fund in meeting its investment objective. The Fund does not intend to use derivative instruments extensively, or in a way that would be inconsistent with the overall risk profile of the Fund. The Fund may also use collective investment schemes that invest in the types of bonds and related securities described above. Together with cash, the Fund may also use collective investment schemes to manage day-to-day cash flow requirements. Typically the collective investment schemes are managed or operated by the ACD or an associate of the ACD.
Investment Strategy	Through local market expertise and regional allocation, the investment process aims to identify bonds that offer an attractive income but which also fit the Fund's desired overall risk profile. Through fundamental credit research we aim to identify bond issuers and sectors with the potential to sustain performance. Using our analysis we construct a Fund portfolio that aims to provide a high level of income. For indicative purposes, a high level of income is defined as the quoted average yield of funds in the Investment Association peer group, which is the Sterling Strategic Bond sector.*** To provide a high level of income the Fund will typically invest in a combination of a) investment grade bonds that are higher yielding but which have lower quality credit ratings; b) below-investment grade bonds that provide a high yield. Generally the Fund will invest directly in bonds and related securities but may use collective investment schemes as an efficient way to gain exposure to certain types of bonds. The derivatives the Fund may use include futures, options, interest rate swaps, credit default swaps, credit default swap indices and currency forwards. Derivatives may be used with the aim of hedging against interest rate risk, credit risk and currency movements but also with the aim of generating returns to assist the Fund in meeting its investment objective. Credit default swaps and credit default swap indices may be used to express credit exposure and futures and interest rate swaps may be used with the aim of managing the Fund's overall duration. Currency forwards will be used with the aim of substantially hedging against movements in the rate of exchange between Sterling and the currency in which the bonds and other assets are denominated.
Investment Horizon	Your investment is not guaranteed. The value of your investment, and any income from it, may fall as well as rise, and you may not get back the amount you invested. You should view this investment as a medium to long term investment which means that you should usually plan to keep it for a period of at least five years.
Use of Derivatives	May be used for investment purposes and EPM in accordance with Part C and Part D of Appendix 3

SRRI*	3	
Share Classes Currently Offered	Income C Accumulation C	Institutional Accumulation Institutional Income
Risk Categories (refer to Section "Risks" on page 30)	General New Funds Cancellation Efficient Portfolio Management (EPM) and Counterparty Risk Leverage Risk Collateral Risk Fixed Income Securities High Yield Fixed Income Securities Convertible Securities Contingent Convertible Securities Asset Backed Securities Currency Exchange Rates Investing in Europe United Kingdom leaving the European Union Suspension of Dealings Charges to Capital Liabilities Emerging Markets Banned Weapons Policy Derivatives	

INCOME FUND	
Investment Objective	The Fund aims to provide ***income*** together with ***growth*** in the long term, which is a period of five years or more. The Fund intends to provide a level of ***income*** consistent with the Investment Association UK ***Equity Income*** sector definition.
Investment Policy	To achieve its objective, the Fund will invest at least 80% of its value in the shares (***equities***) of UK companies, including ***preference shares***. UK companies are deemed to be those that are domiciled or incorporated in the UK or earn at least 80% of their revenue from the UK. The Fund may also invest up to 20% of its value in the shares of companies listed on a UK stock exchange that are not UK companies (as defined above). The Fund may invest no more than 10% of its value in the shares of companies that are neither UK companies nor listed on a UK stock exchange. The Fund may invest up to 10% of its value in ***collective investment schemes***, which in turn invest in the shares of UK companies and other assets. The ***collective investment schemes*** may be managed by the ***HSBC Group***. The Fund may invest in ***money market instruments***, deposits and cash to manage day-to-day cash flow requirements. The Fund may invest in ***derivatives*** for ***efficient portfolio management*** purposes, including ***hedging***. This means investment techniques that aim to reduce risks, reduce costs or generate ***growth*** and ***income*** with a level of risk that is consistent with the risk profile of the Fund.
Investment Strategy	The investment process aims to identify companies that deliver longer term ***value creation*** in a sustainable manner. The fund manager will typically invest in the shares of 35 to 50 companies that can be purchased at an attractive valuation. The fund manager may vary this depending on market conditions and the investment opportunities that are available. The investment process is longer term in nature and as a result ***stewardship*** activity is integrated into investment decisions. **Use of Benchmarks** The Fund is managed with reference to the FTSE All-Share Index. The level of risk the Fund may take is considered relative to the FTSE All-Share Index as part of the portfolio construction process. This means the Fund ***returns*** are more likely to be closer to the ***returns*** of the FTSE All-Share Index than if there were no limits on the level of risk the Fund may take. Separately, the Index is also considered as part of our investment risk monitoring process, to check that the overall level of risk taken by the fund manager is not inconsistent with the UK ***equities*** market. The performance of the Fund is therefore shown against the performance of the FTSE All-Share Index. The performance of the Fund may also be shown against the performance of the Investment Association UK ***Equity Income*** sector for comparison purposes only. The definition of the Investment Association UK ***Equity Income*** sector includes funds that intend to provide ***income*** above 100% of the ***income*** of the FTSE All-Share Index over three-year periods and above 90% over one-year periods. The FTSE All-Share Index has been selected as a benchmark for performance and risk measurement because it is representative of the companies in which the Fund may invest. The Investment Association UK ***Equity*** sector has been selected as a benchmark for performance comparison because it consists of funds similar to the Fund. Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.

Investment Strategy (Continued)	**Use of *Derivatives*** The Fund may invest in ***exchange traded*** and ***over-the-counter derivatives*** in accordance with Part D of Appendix 3. Although the Fund has the ability to use ***currency forward contracts*** or other ***derivative*** instruments to ***hedge*** against movements in the rate of exchange between sterling and other currencies in which the Fund's assets may be denominated, the Fund does not currently do so.
SRRI*	5
Share Classes Currently Offered	Retail Income Retail Accumulation Income C Accumulation C
Risk Categories (refer to Section "Risks" on page 30)	General Cancellation Efficient Portfolio Management (EPM) and Counterparty Risk Leverage Risk Collateral Risk United Kingdom Leaving the European Union Currency Exchange Rates Geographical Concentration Suspension of Dealings Charges to Capital Liabilities Banned Weapons Policy

MONTHLY INCOME FUND	
Investment Objective	The Fund aims to provide a monthly ***income*** together with ***growth*** in the long term, which is a period of five years or more.
Investment Policy	To achieve its objective the Fund will invest at least 80% of its value in a combination of shares (***equities***) of UK companies and ***bonds*** issued by UK companies. UK companies are deemed to be those that are domiciled or incorporated in the UK or earn at least 80% of their revenue from the UK. The Fund may invest up to 20% of its value in other assets, including shares and ***bonds*** of non-UK companies. The Fund may invest up to 10% of its value in ***collective investment schemes***, which in turn invest in the shares of companies, ***bonds*** and other assets. The collective investment schemes may be managed by the ***HSBC Group***. The Fund may invest in ***money market instruments***, deposits and cash to manage day-to-day cash flow requirements. The Fund may invest in ***derivatives*** for ***efficient portfolio management*** purposes, including ***hedging***. This means investment techniques that aim to reduce risks, reduce costs or generate ***growth*** and ***income*** with a level of risk that is consistent with the risk profile of the Fund. On giving 60 days' notice to Shareholders the Fund may also use ***derivatives*** for broader investment purposes to help the Fund meet its objective.
Investment Strategy	The investment process aims to identify companies that deliver longer term ***value creation*** in a sustainable manner. The fund manager will typically invest in the shares and ***bonds*** of companies that can be purchased at an attractive valuation. The investment process is longer term in nature and as a result ***stewardship*** activity is integrated into investment decisions. Under typical market conditions the allocation target is 70% in shares of companies and 30% in ***bonds***. It is important to remember that the actual ***asset allocation*** of the Fund will depend on market conditions. **Use of Benchmark** The Fund is managed with reference to the FTSE All-Share Index and Markit iBoxx GBP Corporates Index. The FTSE All-Share Index and Markit iBoxx GBP Corporates Index are considered as part of our investment risk monitoring process, to check that the overall level of risk taken by the fund manager is not inconsistent with the UK ***equities*** market and sterling corporate ***bond*** market. The performance of the Fund is therefore shown against the performance of a combined benchmark consisting of a weighting of 70% FTSE All-Share Index and 30% Markit iBoxx GBP Corporates Index. The ***income*** of the Fund is compared to the ***income*** of the FTSE All-Share Index over three-year periods. The performance of the Fund may also be shown against the performance of the Investment Association UK ***Equity*** & ***Bond*** sector for comparison purposes. The FTSE All-Share Index and Markit iBoxx GBP Corporates Index have been selected to be used as a combined benchmark for performance comparison and risk measurement because they are representative of the companies and ***bonds*** in which the Fund may invest. The Investment Association UK ***Equity*** & ***Bond*** sector has been selected as a benchmark for performance comparison because it consists of funds similar to the Fund. Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.

Investment Strategy (Continued)	**Use of *Derivatives*** The Fund may invest in ***exchange traded*** and ***over-the-counter derivatives*** in accordance with Part D of Appendix 3. Although the Fund has the ability to use ***currency forward contracts*** or other ***derivative*** instruments to ***hedge*** against movements in the rate of exchange between sterling and other currencies in which the Fund's assets may be denominated, the Fund does not currently do so.	
SRRI*	4	
Share Classes Currently Offered	Retail Income Retail Accumulation	Income C Accumulation C
Risk Categories (refer to Section "Risks" on page 30)	General Cancellation Efficient Portfolio Management (EPM) and Counterparty Risk Leverage Risk Collateral Risk Fixed Income Securities Currency Exchange Rates Investing in Europe United Kingdom leaving the European Union Geographical Concentration Suspension of Dealings Charges to Capital Liabilities Banned Weapons Policy	

UK GROWTH & INCOME FUND	
Investment Objective	The Fund aims to provide ***growth*** and ***income*** in the long term, which is a period of five years or more.
Investment Policy	To achieve its objective, the Fund will invest at least 80% of its value in the shares (***equities***) of UK companies, including ***preference shares***. UK companies are deemed to be those that are domiciled or incorporated in the UK or earn at least 80% of their revenue from the UK. The Fund may also invest up to 20% of its value in the shares of companies listed on a UK stock exchange that are not UK companies (as defined above). The Fund may invest no more than 10% of its value in the shares of companies that are neither UK companies nor listed on a UK stock exchange. The Fund may invest up to 10% of its value in ***collective investment schemes***, which in turn invest in the shares of UK companies and other assets. The ***collective investment schemes*** may be managed by the ***HSBC Group***. The Fund may invest in ***money market instruments***, deposits and cash to manage day-to-day cash flow requirements. The Fund may invest in ***derivatives*** for ***efficient portfolio management*** purposes, including ***hedging***. This means investment techniques that aim to reduce risks, reduce costs or generate ***growth*** and ***income*** with a level of risk that is consistent with the risk profile of the Fund.
Investment Strategy	The investment process aims to identify companies that deliver longer term ***value creation*** in a sustainable manner. The fund manager will typically invest in the shares of 35 to 50 companies that can be purchased at an attractive valuation. The fund manager may vary this depending on market conditions and the investment opportunities that are available. The investment process is longer term in nature and as a result ***stewardship*** activity is integrated into investment decisions. **Use of Benchmarks** The Fund is managed with reference to the FTSE All-Share Index. The level of risk the Fund may take is considered relative to the FTSE All-Share Index as part of the portfolio construction process. This means the Fund ***returns*** are more likely to be closer to the ***returns*** of the FTSE All-Share Index than if there were no limits on the level of risk the Fund may take. Separately, the Index is also considered as part of our investment risk monitoring process, to check that the overall level of risk taken by the fund manager is not inconsistent with the UK ***equities*** market. The performance of the Fund is therefore shown against the performance of the FTSE All-Share Index. The performance of the Fund may also be shown against the performance of the Investment Association UK All Companies sector for comparison purposes only. The FTSE All-Share Index has been selected as a benchmark for performance and risk measurement because it is representative of the companies in which the Fund may invest. The Investment Association UK All Companies sector has been selected as a benchmark for performance comparison because it consists of funds similar to the Fund. Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics. **Use of *Derivatives*** The Fund may invest in ***exchange traded*** and ***over-the-counter derivatives*** in accordance with Part D of Appendix 3. Although the Fund has the ability to use ***currency forward contracts*** or other ***derivative*** instruments to ***hedge*** against movements in the rate of exchange between sterling and other currencies in which the Fund's assets may be denominated, the Fund does not currently do so.

SRRI*	5
Share Classes Currently Offered	Retail Income Retail Accumulation Retail B Income Retail B Accumulation Income C Accumulation C CTF Accumulation
Risk Categories (refer to Section “Risks” on page 30)	General Cancellation Efficient Portfolio Management (EPM) and Counterparty Risk Leverage Risk Collateral Risk Currency Exchange Rates Investing in Europe United Kingdom leaving the European Union Geographical Concentration Suspension of Dealings Charges to Capital Liabilities Banned Weapons Policy

* **SRRI Rating**

The SRRI rating is based on price volatility over the last five years and is an indicator of absolute risk. An SRRI is scored on a scale of 1 to 7. A Fund that scores an SRRI at the lower end of the scale would typically mean lower risk and lower returns, whereas a Fund that scores an SRRI at the higher end of the scale would typically mean a higher risk and higher returns. Historical data may not be a reliable indication for the future.

The SRRI of the above Funds may change as a result of changes to the Fund's investment objective, investment policy or its investment strategy. Prior to making any change to the investment objective or investment policy the ACD and Depositary shall determine whether the change is 'fundamental' or 'significant', as defined in the FCA Rules. In the event of a change to the investment objective or the investment policy the ACD is required to give Shareholders due notice of such proposal prior to its implementation in accordance with the FCA Rules. A change that is to be treated as a significant change will require the ACD to contact the Shareholders on the Register a minimum of 60 days prior to making the change, whereas a fundamental change will require the prior approval of Shareholders at a General Meeting.

The ACD is not, however, required to give prior notice to Shareholders of any change to the investment strategy of a Fund, which it may implement from time to time as market conditions change, provided that any such change is, and remains, consistent with the investment objective and the investment policy of the Fund. In the event that the ACD does not provide prior notification to Shareholders, it will publish details of any such change in the half yearly report and accounts.

Where the SRRI of the Fund changes as a result of activity outside of the investment manager or ACD’s control, for example through movement in market volatility, this will have some effect on the SRRI of a Fund. In this circumstance the ACD will publish details of such change in the Company’s Report and Accounts.

** **The European Benchmarks Regulation**

The Benchmark Regulation (‘BMR’) was published in the Official Journal of the EU on 29 June 2016 and entered into force on 30 June 2016. It is directly applicable law across the EU. The majority of its provisions applied from 1 January 2018.

The BMR applies principally to administrators and also, in some respects, to contributors and certain users of benchmarks which in certain circumstances can include investment funds such as the Funds of the Company.

For a Benchmark to be used by an EU/EEA supervised entity including Funds of the Company, the BMR will among other things:

(i) require UK-based benchmark administrators to be authorised or registered by the FCA or, if located outside the UK in a Member State by the Member-State relevant competent authority;

(ii) require benchmark administrators not located in a Member-State, to be approved via recognition or endorsement by the FCA or another Member-State competent authority, unless an equivalence decision has been made by the European Commission on the jurisdictions where the benchmark administrators are located. Indeed, the European Commission can declare the regulatory and supervisory frameworks in certain jurisdictions equivalent under Article 30 of the BMR. Third country benchmark administrators and benchmarks falling in scope of those equivalence decisions are not required to seek further approval to a Member-State competent authority. Administrators must submit their application by 31 December 2021.

The BMR will:

(i) make significant changes to the way in which benchmarks falling within its scope are governed (including reforms of governance and control arrangements, obligations in relation to input data, certain transparency and record-keeping requirements and detailed codes of conduct for contributors); and

(ii) prevent certain uses of benchmarks provided by unauthorised administrators by supervised entities in the UK.

Potential effects of BMR include (among other things):

- an index which is a benchmark could not be used by a UK Fund in certain ways if such index's administrator does not obtain relevant authorisation or, the administrator is not otherwise recognised as equivalent; and
- the methodology or other terms of the benchmark could be changed in order to comply with the terms of the BMR, and such changes could (among other things) have the effect of reducing or increasing the rate or level, or affecting the volatility, of the published rate or level of the benchmark.

If any proposed changes change the way in which the benchmarks are calculated or a benchmark is discontinued or is not otherwise permitted to be used by the Funds of the Company, this could adversely affect a Fund and its Net Asset Value.

The European Securities and Markets Authority (ESMA) maintains two official registers of approved benchmark administrators and approved third country benchmarks under BMR, however benchmark administrators may be taking advantage of transitional arrangements. The FCA also lists on its register the benchmark administrators it has authorised or registered.

- Status of the Benchmarks used by the Funds

  At the date of this prospectus no third country benchmark administrators and benchmarks used by the Funds of the Company can benefit from an equivalence decision made by the European Commission. In addition:

  (i) The following Benchmark Administrators are located in the UK and authorised or registered by the FCA. They appear on the ESMA and FCA registers: *FTSE International Limited, MSCI Limited, IHS Markit Benchmark Administration Limited*

  (ii) The following Benchmark Administrators are not domiciled in a Member-State and have been approved by endorsement or recognition by the FCA or another Member-State competent authority and are on the ESMA register of approved benchmark administrators. The benchmarks they administrate also appear on the ESMA register of approved third country benchmarks*: S&P Dow Jones Indices LLC*

  A plan has been adopted by the ACD to address the contingency of a benchmark changing materially or ceasing to be provided in accordance with the BMR.

- Impact of Brexit on the rolling out of BMR in the UK

  Several announcements have been made by HM Treasury and the FCA in order to ensure an orderly BMR roll out in the UK even if the UK ceases to be a Member-State without a Transition or Implementation period agreed.

Appendix 2

Historical Fund Performance

The table below shows Fund performance and benchmark performance, where applicable, for complete 12-month periods for the last five years ending on 30 June 2019. More recent performance information may be available by contacting us.

These figures refer to the past. Past performance is not a reliable indicator of future returns. The fund performance is based on single priced Accumulation C Shares, allowing for net income accumulated. This information has been taken from Morningstar, an independent data source.

Fund/Benchmark	01/07/2018 to 30/06/2019 %	01/07/2017 to 30/06/2018 %	01/07/2016 to 30/06/2017 %	01/07/2015 to 30/06/2016 %	01/07/2014 to 30/06/2015 %
Balanced Fund	4.7	2.8	15.1	3.6	7.8
Investment Association Mixed Investment 40-85% Shares sector	3.7	5.0	16.3	2.2	6.7
Corporate Bond Fund	6.5	0.3	7.5	7.1	4.6
Markit iBoxx GBP Corporates Index plus 1% per year	7.9	1.4	7.9	10.2	7.3
Gilt & Fixed Interest Fund	4.3	2.0	-0.9	11.4	6.8
FTSE Actuaries UK Conventional Gilts All Stocks Index plus 0.75% per year	5.7	2.7	-0.1	14.3	9.7
Global Equity Income Fund**	9.2	5.1	N/A	N/A	N/A
MSCI All Countries World Index	9.7	8.9	N/A	N/A	N/A
Global High Income Bond Fund***	N/A	N/A	N/A	N/A	N/A
Income Fund	-0.8	3.0	15.5	-1.2	3.9
FTSE All-Share Index	0.6	9.0	18.1	2.2	2.6
Monthly Income Fund	1.0	2.5	13.4	1.4	4.1
Combined Benchmark*	2.5	6.4	14.7	4.3	3.8
UK Growth & Income Fund	-0.2	2.7	16.0	-2.7	7.1
FTSE All-Share Index	0.6	9.0	18.1	2.2	2.6

* The benchmark for the Monthly Income Fund is a combined benchmark consisting of a weighting of 70% FTSE All-Share Index and 30% Markit iBoxx GBP Corporates Index.

** Fund performance is available for two years only as the Fund launched on 24 May 2017.

*** This Fund is currently being wound up and is no longer available for investment.

The table below shows the annualised performance of the Corporate Bond Fund and Gilt & Fixed Interest Fund, before charges and tax are deducted from the Fund, and annualised benchmark performance for a three-year period to 30 June 2019.

This information has been taken from the ACD's internal performance system.

Fund/ Benchmark	01/07/2014 to 30/06/2019 %
Corporate Bond Fund	5.0
Markit iBoxx GBP Corporates Index plus 1% per year	5.7
Gilt & Fixed Interest Fund	2.1
FTSE Actuaries UK Conventional Gilts All Stocks Index plus 0.75% per year	2.7

More recent performance information may be available by contacting us.

Appendix 3

Investment Powers and Restrictions

Part A
Investment Powers

The range of investments that may generally be held within the individual Fund of the Company is set out below. Except as provided below the Company may exercise, in respect of each Fund, the full authority and powers permitted by Section 5 of the FCA Rules for an ICVC belonging to the UCITS scheme type.

The property of each Fund will be invested with the aim of providing a prudent spread of risk and achieving the investment objective and policy of that Fund but subject to the limits set out in the FCA Rules and this Prospectus. These limits apply to each Fund as set out below.

Generally each Fund will invest in approved securities. An approved security is a transferable security:

(a) admitted to or dealt in on an eligible market which is a regulated market; or

(b) dealt in on a market in a state of the European Economic Area (EEA) which is regulated, operates regularly and is open to the public; or

(c) admitted to or dealt in on any market which the ACD, after consultation with and notification to the Depositary, decides is appropriate.

An eligible securities market is:

(a) a securities market established in a member state of the European Community or in any other state within the EEA on which transferable securities admitted to the official listing in that country are dealt or traded; and

(b) the securities markets listed in Appendix 4.

New eligible securities markets may be added to the existing list in accordance with the FCA Rules.

The investment policy of a Fund may mean that, at times, it is not appropriate to be fully invested but to hold cash or "near cash". This will only be the case where the ACD reasonably regards it as necessary to enable Shares to be redeemed or for the efficient management of the Fund in accordance with its investment objectives or for other purposes which may reasonably be regarded as ancillary to the investment objectives of the Fund.

Investment Restrictions

The following is a summary of the investment limits under the FCA Rules which currently apply to the Funds.

1. The scheme property of a Fund, must except where otherwise provided in Section 5 of the FCA Rules consist solely of any or all of:

   (a) transferable securities

   (b) approved money market instruments

   (c) units or shares in collective investment schemes

   (d) derivatives and forward transactions; and

   (e) deposits

2. Transferable securities and approved money market instruments held within a Fund must:-

   (a) be admitted to or dealt in on an eligible market which is a regulated market; or

   (b) be dealt in on an eligible market being a market in an EEA State which is regulated, operates regularly and is open to the public; or

(c) be admitted to or dealt in on an eligible market which the ACD, after consultation with and notification to the Depositary decides that market is appropriate for investment of, or dealing in, the scheme property provided that:-

    (i) the market is included in a list in the Prospectus; and

    (ii) the Depositary has taken reasonable care to determine that adequate custody arrangements can be provided for the investment dealt in on that market and all reasonable steps have been taken by the authorised fund manager in deciding whether that market is eligible.

(d) in the case of an approved money market instrument not admitted to or dealt in on an eligible market, fulfil certain criteria as specified in the FCA Rules;

(e) be recently issued transferable securities provided that

    (i) the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and

    (ii) such admission is secured within a year of issue.

However, not more than 10% in value of the scheme property may consist of transferable securities and approved money market instruments not referred to above.

3. Approved money market instruments are money-market instruments which are normally dealt in on the money market, are liquid and have a value which can be accurately determined at any time. In addition such instrument must be

(1) (a) issued or guaranteed by any one of the following:

    (i) a central authority of an EEA State or, if the EEA State is a federal state, one of the members making up the federation;

    (ii) a regional or local authority of an EEA State;

    (iii) the European Central Bank or a central bank of an EEA State;

    (iv) the European Union or the European Investment Bank;

    (v) a non-EEA State or, in the case of a federal state, one of the members making up the federation;

    (vi) a public international body to which one or more EEA States belong; or

(b) issued by a body, any securities of which are dealt in on an eligible market; or

(c) issued or guaranteed by an establishment which is:

    (i) subject to prudential supervision in accordance with criteria defined by Community law; or

    (ii) subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by Community law.

(2) An establishment shall be considered to satisfy the requirement in (1)(c)(ii) if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:

    (a) it is located in the EEA;

    (b) it is located in an Organisation for Economic Co-operation and Development (OECD) country belonging to the Group of Ten;

    (c) it has at least investment grade rating;

    (d) on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by Community law.

4. Each Fund may invest in units or shares of other collective investment schemes including those managed or operated by the ***HSBC Group*** provided the second scheme is:-

(a) a scheme which satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or

(b) recognised under Section 270 of the Act; or

(c) a non-UCITS retail schemes which meet the requirements of article 19(1)(e) of the UCITS Directive; or

(d) authorised in another EEA member state provided the requirements of article 19(1)(e) of the UCITS Directive are met; or

(e) authorised by the competent authority of an OECD member country (other than another EEA state) which has:-

    (i) signed the International Organization of Securities Commissions Multilateral Memorandum of Understanding; and

    (ii) approved the Scheme's management company, rules and depositary/custody arrangements (provided the requirements of article 19(1)(e) of the UCITS Directive are met).

and provided further that no more than 30% of the value of a Fund may be invested within (b) – (e) above.

Such schemes must have terms which prohibit investment of more than 10% of the scheme property into other collective investment schemes. Investment can only be made in another collective investment scheme managed by the ***HSBC Group*** provided that the FCA Rules relating to investment in other group schemes is/are complied with.

However, for all of the Funds, except the Balanced Fund and the Global High Income Bond Fund*, no more than 10% of the value of such Fund may consist of units in other collective investment schemes. The Balanced Fund can invest up to 100% in other collective investment schemes. The maximum level of management fees that will be charged to the Balanced Fund and to the collective investment schemes into which it invests will together not exceed 10%. The Global High Income Bond Fund* can invest up to 20% in other collective investment schemes. The maximum level of management fees that will be charged to the Global High Income Bond Fund* and to the collective investment schemes into which it invests will together not exceed 10%.

* This Fund is currently being wound up and is no longer available for investment.

5. Each Fund may invest in deposits only with an approved bank which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months.

6. Where the investment policy of a Fund is to replicate the composition of a relevant index, the Fund may invest up to 20% of the value of the property of the Fund in shares and debentures which are issued by the same body, which limit can be raised to 35% in respect of one body only and where justified by exceptional market conditions. A relevant index must be a representative benchmark for the market and the index must be published in an appropriate manner. **This does not apply to any Fund of the Company available for investment as at the date of this Prospectus.**

7. Except in respect of the Funds noted in Part B below, up to 35% of the value of the property of a Fund may be invested in transferable securities or approved money-market instruments issued or guaranteed by a single state, local authority or public international body, in which case there is no limit on the amount which may be invested in such securities or in any one issue.

8. More than 35% of the value of the property of a Fund can be invested in transferable securities or approved money-market instruments issued or guaranteed by a single state, local authority or public international body provided that:

    (a) the ACD has, before any such investment is made, consulted with the Depositary and as a result considers that the issue of such securities is one which is appropriate in accordance with the investment objectives of the Fund;

    (b) no more than 30% of the value of the property of that Fund consists of such securities of any one issue;

(c) the scheme property of that Fund includes such securities issued or guaranteed by that or another issuer of at least six different issues and

(d) certain details have been disclosed in the Instrument of Incorporation and this Prospectus.

9. The Funds to which 8 above applies and the names of the single states, local authorities or public international bodies issuing or guaranteeing transferable securities or approved money market instruments in which each such Fund may invest over 35% of its assets (if any) are noted in Part B below.

10. **No more than 5% of the Net Asset Value of the property of each of the Balanced Fund, Corporate Bond Fund, Gilt & Fixed Interest Fund, Global Equity Income Fund, Global High Income Bond Fund*, Income Fund, Monthly Income Fund or the UK Growth & Income Fund may consist of warrants.**

    * This Fund is currently being wound up and is no longer available for investment.

11. Transferable securities or an approved money market instrument on which any sum is unpaid may be held only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the relevant Fund at the time when the payment is required without contravening the rules in Section 5 of the FCA Rules.

12. Not more than 20% of the value of the property of a Fund is to consist of deposits with a single body.

13. Not more than 5% of the value of the property of a Fund may consist of transferable securities or approved money market instruments issued by any single body, but this limit may be increased to 10% of such value, provided that the total value of all those investments exceeding the 5% limit does not exceed 40% of the value of the property of a Fund. In applying these limits certificates representing certain securities are treated as the equivalent to the underlying security.

14. Investment in covered bonds made by the Balanced Fund, Corporate Bond Fund, Gilt & Fixed Interest Fund, Global High Income Bond Fund* and the Monthly Income Fund is subject to the limits set out in 13 above however, the total value of covered bonds held in the relevant Fund must not exceed 80% of the value of the property of that Fund.

    Note: With the exception of the Balanced Fund, Corporate Bond Fund, Gilt & Fixed Interest Fund, Global High Income Bond Fund* and Monthly Income Fund, no other Fund of the Company may invest in covered bonds as at the date of this Prospectus.

    * This Fund is currently being wound up and is no longer available for investment.

15. The exposure to any one counterparty in an over the counter derivative transaction must not exceed 5% of the Fund value, however this limit can be increased to 10% where the counterparty is an approved bank.

16. In applying the limits in 12, 13 and 15, and subject to 14 above, not more than 20% in value of the property of a Fund is to consist of any combination of two or more of the following:

    (a) transferable securities (including covered bonds) or approved money market instruments issued by; or

    (b) deposits made with; or

    (c) exposures from over the counter derivatives transactions made with a single body.

    Notwithstanding 20 below and subject to 8 & 9 above, in applying this 20% limit with respect to a single body, transferable securities or approved money-market instruments issued or guaranteed by a single state, local authority or public international body shall be taken into account.

17. However, for the purposes of calculating the limits in 15 and 16 above, the exposure in respect of an over the counter derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the following conditions:-

    (a) it is marked to market on a daily basis and exceeds the value of the amount at risk; and

(b) it is exposed only to negligible risks and is liquid; and

(c) it is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and

(d) it can be fully enforced by the Fund at any time.

Furthermore, any over the counter derivative positions with the same counterparty may be netted provided that the netting procedures:-

(e) comply with certain conditions set out in the Banking Consolidation Directive; and

(f) are based on legally binding agreements.

18. Not more than 20% in value of the property of a Fund is to consist of transferable securities and approved money market instruments issued by the same group.

19. Not more than 20% in value of the property of a Fund is to consist of units or shares of any one collective investment scheme. However in the case of the Corporate Bond Fund, Gilt & Fixed Interest Fund, Global Equity Income Fund, Income Fund, Monthly Income Fund and the UK Growth & Income Fund no more than 10% of the value of the Fund may consist of units or shares in collective investment schemes.

20. The limits in 12 – 19 above do not apply to transferable securities or approved money-market instruments issued or guaranteed by a single state, local authority or public international body

21. In applying the limits in 12, 13, 14, 15, 18 and 19 companies included in the same group for the purposes of consolidated accounts as defined in accordance with the Seventh Council Directive 83/349/EEC of 13 June 1983 based on Article 54(3)(g) of the Treaty on consolidated accounts or, in the same group in accordance with international accounting standards, are regarded as a single body. Furthermore, all derivatives transactions are deemed to be free of counterparty risk of they are performed on an exchange where the clearing house meets each of the following conditions:-

    (a) it is backed by an appropriate performance guarantee; and

    (b) it is characterised by a daily mark- to-market valuation of the derivative positions and an at least daily margining.

22. A Fund may invest in or dispose of Shares in another Fund provided that the second Fund does not hold Shares in any other Fund of the Company. Where investment is made in another Fund or another collective investment scheme managed or operated by the HSBC Group such investment can only be made provided that the FCA Rules relating to investment in other group schemes are complied with.

Concentration

There are some limits which apply to the Company as a whole. The Company may not hold more than:

(a) transferable securities (other than debt securities) which do not carry a right to vote on any matter at a general meeting of the body corporate that issued them and which represent more than 10% of those securities issued by that body corporate;

(b) more than 10% of the debt securities issued by any single body;

(c) more than 25% of the units or shares in a collective investment scheme; or

(d) more than 10% of the approved money market instruments issued by a single body

but need not comply with those limits in b), c) and d) above if, at the time of acquisition, the net amount in issue of the relevant investment cannot be calculated.

The Company may only acquire transferable securities issued by a body corporate carrying rights to vote at a general meeting of that body corporate if the aggregate number of such securities held by the Company does not give the Company power significantly to influence the conduct of business of the body corporate immediately before the acquisition and the acquisition will not give the Company such power.

The power significantly to influence is assumed if such securities allow the Company to exercise or control the exercise of 20% or more of the voting rights in that body corporate.

What would otherwise be a breach of any of the above limits will not be treated as such where it arises from the exercise of a right attributable to an investment acquired by a Fund in certain circumstances. In that event, and in the event of any breach of any of the above investment limits which was beyond the control of the ACD and the Depositary, the ACD must restore compliance with the relevant investment limits as soon as is reasonably practicable having regard to the interests of Shareholders in the relevant Fund and, in any event, within a period of six months (or in the case of a derivatives or a forward transaction within five Business Days unless such period can be extended pursuant to the FCA Rules) after the date of discovery of the relevant circumstance.

Part B

As well as the restrictions outlined in Part A, the Funds, as set out below, are subject to additional restrictions:

Income Fund, Global Equity Income Fund, Monthly Income Fund and UK Growth & Income Fund

(a) Not more than 35% of the value of the Fund may be invested in transferable securities or approved money-market instruments issued or guaranteed by or on behalf of any one single state, local authority or public international body.

(b) Not more than 10% of the Fund can be invested in other collective investment schemes.

(c) The ACD has determined that the Fund will not invest in securities issued by companies that the ACD considers after reasonable enquiries, to be involved in the use, development, manufacturing, stockpiling, transfer or trade of cluster munitions and/or anti-personnel mines and/or depleted uranium shieldings and ammunition.

Balanced Fund

(a) The Fund may invest 15% or more in cash and money market instruments.

(b) More than 35% in value of the Fund may be invested in transferable securities or approved money-market instruments issued or guaranteed by or on behalf of a single state, local authority or public international body. In the case of issuers set out in (i) - (ii) below, such securities shall be guaranteed by:

  (i) The Government of the United Kingdom, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain and Sweden; or

  (ii) The Government of any of the countries listed below:

    (a) Australia
    (b) Canada
    (c) Japan
    (d) New Zealand
    (e) Switzerland
    (f) United States of America;

  Provided that if more than 35% in value of the Fund is so invested, the securities of at least six different issues shall be held and no holding of a single issue shall represent more than 30% of the value of the Fund.

(c) The ACD has determined that the Fund will not invest in securities issued by companies that the ACD considers after reasonable enquiries, to be involved in the use, development, manufacturing, stockpiling, transfer or trade of cluster munitions and/or anti-personnel mines and/or depleted uranium shieldings and ammunition.

Corporate Bond Fund

(a) The investments of the Fund will be limited to investments on which any income is taxable as a non-trade loan relationship credit only, and which are neither chargeable to ad valorem stamp duty on transfer nor are chargeable securities as defined for SDRT.

(b) Not more than 10% of the Fund can be invested in other collective investment schemes.

(c) More than 35% in value of the Fund may be invested in transferable securities or approved money-market instruments issued or guaranteed by or on behalf of a single state, local authority or public international body. In the case of issuers set out in (i) - (ii) below, such securities shall be guaranteed by:

(i) The Government of the United Kingdom, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain and Sweden; or

(ii) The Government of any of the countries listed below:

(a) Australia
(b) Canada
(c) Japan
(d) New Zealand
(e) Switzerland
(f) United States of America

Provided that if more than 35% in value of the Fund is so invested, the securities of at least six different issues shall be held and no holding of a single issue shall represent more than 30% of the value of the Fund.

(d) The ACD has determined that the Fund will not invest in securities issued by companies that the ACD considers after reasonable enquiries, to be involved in the use, development, manufacturing, stockpiling, transfer or trade of cluster munitions and/or anti-personnel mines and/or depleted uranium shieldings and ammunition.

Gilt & Fixed Interest Fund

(a) The investments of the Fund will be limited to investments on which any income is taxable as a non-trade loan relationship credit only, and which are neither chargeable to ad valorem stamp duty on transfer nor are chargeable securities as defined for SDRT.

(b) Not more than 10% of the Fund can be invested in other collective investment schemes.

(c) More than 35% in value of the Fund may be invested in transferable securities or approved money-market instruments issued or guaranteed by or on behalf of the Government of the United Kingdom provided that if more than 35% of the value of the Fund is so invested, the securities of at least six different issues shall be held and no holding of a single issue shall represent more than 30% in value of the Fund. The Fund currently invests more than 35% of its total value in UK Government securities.

(d) The ACD has determined that the Fund will not invest in securities issued by companies that the ACD considers after reasonable enquiries, to be involved in the use, development, manufacturing, stockpiling, transfer or trade of cluster munitions and/or anti-personnel mines and/or depleted uranium shieldings and ammunition.

Global High Income Bond Fund*

(a) Not more than 20% of the Fund can be invested in other collective investment schemes.

(b) More than 35% in value of the Fund may be invested in transferable securities or approved money-market instruments issued or guaranteed by or on behalf of a single state, local authority or public international body. In the case of issuers set out in (i) - (ii) below, such securities shall be guaranteed by:

(i) The Government of the United Kingdom, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain and Sweden; or

(ii) The Government of any of the countries listed below:

- Australia
- Canada
- Japan
- New Zealand
- Switzerland
- United States of America

Provided that if more than 35% in value of the Fund is so invested, the securities of at least six different issues shall be held and no holding of a single issue shall represent more than 30% of the value of the Fund.

(c) The ACD has determined that the Fund will not invest in securities issued by companies that the ACD considers after reasonable enquiries, to be involved in the use, development, manufacturing, stockpiling, transfer or trade of cluster munitions and/or anti-personnel mines and/or depleted uranium shieldings and ammunition.

* This Fund is currently being wound up and is no longer available for investment.

Part C

Derivatives

With the exception of the Global Equity Income Fund, Income Fund, Monthly Income Fund and the UK Growth & Income Fund, the Company can invest in certain types of derivatives and forward transactions as set out in this Part. Upon the giving of 60 days' notice to all Shareholders in the Monthly Income Fund, the ACD will no longer operate under Efficient Portfolio Management, as set out in Part D below, but instead, certain types of derivatives and forward transactions may be effected for a Fund. **The use of derivatives will be for the purposes of hedging and/or meeting the investment objectives of the Fund however, it is envisaged that the use of such instruments will not affect the risk profile of the Funds.**

The use of derivatives under this Section is as follows:-

(a) Transactions in approved derivatives (that is effected on or under the rules of an eligible derivatives market)

(b) permitted over the counter transactions in derivatives.

The eligible derivatives markets are set out in Appendix 4.

The addition of new eligible derivatives markets for a Fund will be carried out in accordance with the FCA Rules.

The underlying of a transaction in derivatives must consist of any one or more of the following (to which the relevant Fund is dedicated):-

- permitted transferable securities;
- permitted approved money market instruments;
- permitted deposits;
- permitted derivatives;
- permitted collective investment schemes;
- financial indices;
- interest rates;
- foreign exchange rates; and
- currencies.

Any transaction in a derivative must not cause a Fund to diverge from its investment objectives and a transaction must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more of: transferable securities, money market instruments, collective investment scheme shares or units and derivatives provided that a sale is not to be considered as uncovered if the conditions of the FCA Rules (Requirement to cover sales) are satisfied.

Any forward transaction must be made with an Eligible Institution or an approved bank.

Where a Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in Part A or Part B above although, where a Fund invests in an index based derivative, provided the index is a relevant index in accordance with the FCA Rules and the ACD takes account of the rules relating to a prudent spread of risk, then the underlying constituents of the index do not have to be taken into account for such purposes. Where a transferable security or money market instrument embeds a derivative, this must be taken into account for the purposes of complying with Section 5 of the FCA Rules.

The global exposures relating to derivatives for the Funds may not exceed the Net Asset Value of the scheme property.

A transaction in a derivative or forward transaction which will or could lead to a delivery of property for the account of the Fund may only be entered into if the property can be held by the Fund and the ACD has taken reasonable care to ensure that delivery of the property under the transaction will not result of a breach of the FCA Rules.

Except in relation to deposits, no agreement by or on behalf of a Fund to dispose of scheme property or rights may be made unless the obligation to make the disposal and any other similar obligation, could immediately be honoured by the Fund by delivery of property or the assignment of rights and the property of rights are owned by the Fund at the time of the agreement. This does not apply where:-

- The risks of the underlying financial instrument of a derivative can be appropriately represented by another financial instrument and the underlying financial instrument is highly liquid; or
- The ACD or the Depositary has the right to settle the derivative in cash and cover exists within the scheme property which is cash, liquid debt instruments with appropriate safeguards or other highly liquid assets having regard to the correlations with the underlying financial derivative instruments subject to appropriate safeguards. An asset may be considered as liquid when the instrument can be converted into cash in no more than seven Business Days at a price corresponding to the current valuation of the financial instrument on its own market.

Any transaction in an over the counter derivative must be:-

- with an approved counterparty (that is an Eligible Institution, an approved bank or a person whose FCA permission or Home State authorisation permits it to enter into the transaction as a principal off-exchange) which may be an associate of the ACD.
- on approved terms (that is the authorised Fund Manager carried out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty and that the ACD can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value.
- capable of reliable valuation (that is the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy on the basis of an up to date market value which the ACD and the Depositary have agreed is reliable or, if such value is not available on the basis of a pricing model agreed between the ACD and the Depositary using adequate recognised methodology.
- subject to verifiable valuation (that is throughout the life of the derivative, verification of the valuation is carried out by an appropriate third party which is independent of the counterparty of the derivative, at an adequate frequency and in such a way that the ACD is able to check it or a department within the ACD which is independent from the department in charge of managing the property of the Fund and which is adequately equipped for such a purpose).

Risk Management Process

The ACD uses a risk management process enabling it to monitor and measure as frequently as appropriate the risk of a Fund's positions and their contribution to the overall risk profile of the Fund.

Part D

Efficient Portfolio Management* (EPM)
Use of derivatives for the efficient portfolio management of the Funds

Each of the Funds may use financial derivative instruments for the purposes of EPM including hedging.

For the purposes of financial derivative instruments, hedging refers to:

(a) hedging the portfolio from foreign exchange risks; and

(b) hedging portfolios against falls in asset prices.

For the purposes of financial derivative instruments, EPM refers to techniques and instruments which relate to transferable securities and which fulfil the following criteria:

(a) they are economically appropriate in that they are realised in a cost effective way;

(b) they are entered into for one or more of the following specific aims:

   (i) reduction of risk;

   (ii) reduction of cost;

   (iii) generation of additional capital or income, with a level of risk that is consistent with the risk profile of the fund.

Permitted transactions for those purposes (excluding stocklending transactions) are forward currency transactions with approved counterparties and transactions in:

(a) approved derivatives (that is options, futures or contracts for differences which are dealt in or traded on an eligible derivatives market);

(b) off-exchange derivatives (that is futures, options or contract for differences resembling options with a counterparty falling within certain specified categories and meeting certain other criteria); or

(c) synthetic futures (that is derivatives transactions in the nature of composite derivatives created out of two options bought and written on the same eligible derivatives market and having certain characteristics in common).

The initial eligible derivatives markets for each Fund are listed in Appendix 5 and a new eligible derivatives market may be added in accordance with the FCA Rules.

A derivatives or forward transaction which would or could lead to the delivery of property to the Depositary or to the Company may be entered into only if such property can be held by the Company and the ACD has taken reasonable care to determine that delivery of the property pursuant to the transaction will not lead to a breach of the FCA Rules.

There is no limit on the amount of the scheme property of any Fund which may be used for transactions for the purposes of EPM.

The global exposure of each Fund relating to derivative instruments may not exceed the assets of the relevant Fund. The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions.

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

* Subject to obtaining and maintaining the permission of the FCA under the Financial Services and Markets Act 2000, on giving 60 days' notice to all Shareholders in the Monthly Income Fund, this Fund may, in addition to its other investment powers, use exchange traded and over the counter derivatives and forward currency contracts for investment purposes as set out in Part C above as opposed to using efficient portfolio management as described in this Section. **The use of derivatives will be for the purposes of hedging and/or meeting the investment objectives of the Fund however, it is envisaged that the use of such instruments will not affect the risk profile of the Fund.**

Part E
Leverage

Leverage may occur as a result of transactions carried out for the purposes of EPM. Leverage will also occur where money is borrowed on behalf of the Funds as set out below under the heading of 'Borrowing Powers'. The only types and sources of leverage permitted are derivatives and bank borrowings.

At all times when the Fund is leveraged a leverage calculation will be performed daily. The calculation will make an allowance for any borrowings as well as net short positions in either currency forward contracts or futures positions that arise in the context of EPM carried out for the Fund. All underlying instrument asset classes are grouped together and valued in the base currency of the Fund. The total value for all

equity and equity futures positions, bond and bond futures positions must not exceed 100% of the net assets of each Fund.
All relevant limits are calculated on the basis of the position valuation provided by the Administrator and the notional value of the derivatives.

This includes a check that all derivative positions are appropriately margined and that the total derivatives exposure does not exceed base currency values of the net assets held.

Part F

Stocklending and underwriting

The Company has ceased undertaking any stocklending transactions in respect of the Funds however, it may recommence its stocklending programme at any time subject to this prospectus being updated accordingly.

Where stocklending is carried out, the Company, or the Depositary at the request of the Company, may enter into a repo contract or stocklending transactions in respect of a Fund for the generation of additional income for the Fund with an acceptable degree of risk. Stocklending transactions are transactions where the Company or the Depositary delivers securities which are the subject of the transaction in return for which it is agreed that securities of the same kind and amount be redelivered to the Company or the Depositary at a later date. The Company or the Depositary at the time of the delivery receives collateral to cover against the risk of the future redelivery not being completed.

The ACD will not charge for stocklending and will receive no income in respect of stocklending transactions. However, the Custodian (HSBC Bank plc) is entitled to retain a percentage of gross revenue in respect of its fees for the provision of its lending services as detailed below:

Applicable Fees when Borrower is not HSBC Bank plc:
80% retained by the Fund; 20% retained by the Custodian.

Applicable Fees when HSBC Bank plc is Borrower:
90% retained by the Fund; 10% retained by the Custodian.

There is no limit on the value of the property of a Fund which may be the subject of stocklending transactions. Any such transaction must comply with the requirements of the Taxation of Chargeable Gains Act 1992 and the FCA Rules as amended or replaced from time to time.

The Funds may enter into agreements and understandings with regard to the underwriting and sub-underwriting of securities or the acceptance of placing commitments subject to the provisions set out in the FCA Rules.

Borrowing Powers

The Company may borrow money from an Eligible Institution or an approved bank for the use of any Fund on terms that the borrowing is to be repayable out of the Fund property. The ACD must ensure that any such borrowings comply with the FCA Rules.

The ACD must ensure that borrowing is of a temporary nature and it must not exceed a period of three months without the prior consent of the Depositary. The Depositary's consent may only be given on conditions which appear appropriate to the Depositary to ensure that the borrowing remains on a temporary basis. The ACD must ensure that borrowing does not exceed 10% of the value of the property of the Fund on any one Business Day.

These restrictions do not apply to "back to back" borrowing for currency hedging purposes (that is borrowing permitted so as to reduce or eliminate risk arising by reason of fluctuations in exchange rates).

Supplementary Information

The ACD must, upon the request of a holder in a UCITS scheme, provide information supplementary to the Prospectus relating to:

(a) the quantitative limits applying in the risk management of that scheme;

(b) the methods used in relation to (a); and

(c) any recent development of the risk and yields of the main categories of investment.

Cover for transactions in derivatives and forward transactions

The maximum exposure (in terms of principal or notional principal created by the transaction to which the scheme is or may be committed by another person) created by each transaction must be covered globally. This means that there must be adequate cover from within the scheme property available to meet the Fund's total exposure taking into account the value of the underlying assets, any reasonably foreseeable market movement, counterparty risk and the time available to liquidate any positions. Cash not yet received into the scheme property but due to be received within one month is available for cover as is scheme property which is subject to stocklending transaction where the ACD has taken reasonable care to determine that such property is obtainable in time to meet the obligation for which cover is required.

Cover and Borrowing

Cash obtained from borrowing, and borrowing which the ACD reasonably regards as an Eligible Institution or an approved bank to be committed to provide, is not available for cover except where the Company borrows an amount of currency from an Eligible Institution or an approved bank and keeps an amount in another currency, at least equal to the borrowing, on deposit with the lender (or his agent or nominee) in which case chapter 5.3 of the FCA Rules applies as if the borrowed currency, and not the deposited currency, were part of the scheme property.

The ACD must as frequently as is necessary, recalculate the amount of cover required in respect of derivatives and forward positions already in existence and derivative and rights under forward transactions may be retained in the scheme property provided they remain covered globally.

Appendix 4

Eligible Securities Markets

Fund	Balanced Fund	Corporate Bond Fund	Gilt & Fixed Interest Fund	Global Equity Income Fund	Global High Income Bond Fund*	Monthly Income Fund	Income Fund	UK Growth & Income Fund
Vienna Stock Exchange (Wiener Borse AG)	✓	✓	✓	✓		✓	✓	✓
Australia Stock Exchange	✓	✓	✓	✓	✓			
Euronext Brussels	✓	✓	✓	✓	✓	✓	✓	✓
Euronext Paris	✓	✓	✓	✓	✓	✓	✓	✓
Toronto Stock Exchange	✓	✓	✓	✓				
Montreal Exchange	✓	✓	✓	✓				
TSX Venture Exchange	✓	✓	✓	✓				
NASDAQ OMX Nordic (Copenhagen)	✓	✓	✓	✓		✓	✓	✓
NASDAQ OMX Nordic (Helsinki)	✓	✓	✓	✓		✓	✓	✓
NASDAQ OMX Nordic (Stockholm)	✓	✓	✓	✓	✓	✓	✓	✓
Deutsche Borse	✓	✓	✓	✓	✓	✓	✓	✓
Athens Stock Exchange	✓	✓	✓	✓		✓	✓	✓
Euronext Amsterdam	✓	✓	✓	✓	✓	✓	✓	✓
Stock Exchange of Hong Kong	✓	✓	✓	✓	✓			
Irish Stock Exchange (ISE)	✓	✓	✓	✓	✓	✓	✓	✓
Borsa Italiana SpA	✓	✓	✓	✓	✓	✓	✓	✓
Tokyo Stock Exchange (TSE)	✓	✓	✓	✓				
Korea Exchange (KRX)	✓	✓	✓	✓	✓			
Luxembourg Stock Exchange (including EuroMTF)	✓	✓	✓	✓	✓	✓	✓	✓
Bursa Malaysia Securities Berhad	✓	✓	✓	✓	✓			
Bolsa Mexicana de Valores (Mexico Stock Exchange)	✓	✓	✓	✓	✓			
New Zealand Exchange (NZX)	✓	✓	✓	✓				
Oslo Stock Exchange (Oslo Bors)	✓	✓	✓	✓		✓	✓	✓
Euronext Lisbon	✓	✓	✓	✓	✓	✓	✓	✓
Singapore Exchange	✓	✓	✓	✓				
JSE Limited	✓	✓	✓	✓	✓			
Bolsas y Mercadoes Espanoles (BME Spanish Exchanges)	✓	✓	✓	✓	✓	✓	✓	✓
SIX Swiss Exchange	✓	✓	✓	✓	✓	✓		
Stock Exchange of Thailand (SET)	✓	✓	✓	✓	✓			
London Stock Exchange (LSE)	✓	✓	✓	✓	✓	✓	✓	✓
New York Stock Exchange (NYSE)	✓	✓	✓	✓	✓			
NASDAQ Stock Market	✓	✓	✓	✓	✓			

Fund	Balanced Fund	Corporate Bond Fund	Gilt & Fixed Interest Fund	Global Equity Income Fund	Global High Income Bond Fund*	Monthly Income Fund	Income Fund	UK Growth & Income Fund
Taiwan Stock Exchange	✓			✓				
Channel Islands Stock Exchange (CISX)				✓	✓	✓	✓	✓
Abu Dhabi Stock Exchange				✓				
Bolsa de Valores de Colombia (BVC)				✓	✓			
Bolsa de Valores, Mercadorias & Futuros de São Paulo				✓	✓			
Bombay Stock Exchange				✓				
Budapest Stock Exchange				✓	✓			
Egyptian Stock Exchange				✓				
Indonesia Stock Exchange				✓	✓			
Istanbul Stock Exchange				✓	✓			
Karachi Stock Exchange				✓				
Lima Stock Exchange				✓	✓			
Moscow Exchange				✓	✓			
National Stock Exchange of India				✓				
Osaka Securities Exchange				✓				
Philippine Stock Exchange				✓				
Prague Stock Exchange				✓	✓			
Santiago Stock Exchange				✓	✓			
Shanghai Stock Exchange				✓	✓			
Shenzhen Stock Exchange				✓	✓			
Tel Aviv Stock Exchange				✓	✓			
Warsaw Stock Exchange				✓	✓			
Qatar Stock Exchange				✓				
Nairobi Securities Exchange				✓				
Boerse Dusseldorf					✓			
Borse Munchen					✓			
Borse Stuttgart					✓			
US OTC Fixed Income Securities Market (linked to TRACE)					✓			
Buenos Aries Stock Exchange					✓			

* This Fund is currently being wound up and is no longer available for investment.

Name of Eligible Derivatives Markets

In respect of the following Funds:
Balanced Fund, Corporate Bond Fund, Gilt & Fixed Interest Fund:

Chicago Board Options Exchange (CBOE)
Chicago Board of Trade (CBOT) (merged 2007, now CME Group)
Chicago Mercantile Exchange (CME)
EUREX Zurich
ICE Futures Europe
Finnish Options Exchange (FOEX)
Hong Kong Futures Exchange
NASDAQ OMX Nordic (Copenhagen)
Euronext Amsterdam
Vienna Stock Exchange (Wiener Borse)

In respect of the following Fund:
Global Equity Income Fund

NYSE Amex Equities
Sydney Futures Exchange
Mexican Derivatives Exchange (MexDer)
Chicago Board Options Exchange (CBOE)
Chicago Board of Trade (CBOT)
Chicago Mercantile Exchange
NASDAQ OMX Nordic (Copenhagen)
Euronext Amsterdam
Finnish Options Exchange
Hong Kong Futures Exchange
International Capital Market Association
Kansas City Board of Trade
ICE Futures Europe
Euronext Paris (Formerly Marche a Terme des International de France (MATIF) and MONEP)
Mercado Espanol de Futuros Financieros (MEFF)
Midwest Stock Exchange
Borsa Italiana S.p.A
Montreal Exchange
ICE Futures US
New York Mercantile Exchange
New York Stock Exchange
New Zealand Futures and Options Exchange
EDX London
NASDAQ OMX Nordic (Stockholm)
Osaka Securities Exchange (OSE)
NYSE Arca
NASDAQ OMX Futures Exchange
NASDAQ OMX PHLX
Singapore Exchange
South African Futures Exchange (SAFEX)
EUREX Zurich
NASDAQ
Tokyo Stock Exchange
Canadian Venture Exchange
GreTai Securities Market NASDAQ
Bursa Malaysia Derivatives Berhad
Korea Exchange (KRX)

In respect of the following Fund:
Global High Income Bond Fund*

Borsa Italiana S.p.A
Bursa Malaysia Derivatives Berhad
Chicago Board of Trade (CBOT)
Chicago Board Options Exchange (CBOE)
Chicago Mercantile Exchange
EDX London
EUREX Zurich
Euronext Paris (Formerly Marche a Terme des International de France (MATIF) and MONEP)
GreTai Securities Market NASDAQ
Hong Kong Futures Exchange
ICE Futures Europe
ICE Futures US
International Capital Market Association
Kansas City Board of Trade
Korea Exchange (KRX)
Mercado Espanol de Futuros Financieros (MEFF)
Mexican Derivatives Exchange (MexDer)
Midwest Stock Exchange
NASDAQ
NASDAQ OMX Futures Exchange
NASDAQ OMX Nordic (Stockholm)
NASDAQ OMX PHLX
New York Mercantile Exchange
New York Stock Exchange
NYSE Amex Equities
NYSE Arca
South African Futures Exchange (SAFEX)
Sydney Futures Exchange
* This Fund is currently being wound up and is no longer available for investment.

In respect of the following Fund:
Monthly Income Fund

EUREX Zurich
ICE Futures Europe
Euronext Paris (formerly Marche a Terme des International de France (MATIF) and MONEP)
IDEM / Borsa Italiana (Italian Derivatives Exchange Market)
Mercado Español de Futuros Financieros (MEFF)
Montreal Exchange
Osaka Securities Exchange (OSE)
Singapore Exchange (SGX)
Toronto Stock Exchange and TXS Ventures (TMX Group)

In respect of the following Funds:
Income Fund and UK Growth & Income Fund

Sydney Futures Exchange
Mexican Derivatives Exchange (MexDer) (subsid of Bolsa Mexicana de Valores)
Chicago Board Options Exchange (CBOE)
Chicago Board of Trade (CBOT) (Merged 2007, now CME Group)
Chicago Mercantile Exchange (CME)
EUREX Zurich
ICE Futures Europe
Euronext Paris (formerly Marche a Terme des International de France (MATIF) and MONEP)
Finnish Options Exchange (FOEX)
Hong Kong Futures Exchange
ICE Futures U.S.
IDEM (Italian Derivatives Exchange Market owned by Borsa Italiana)
Kansas City Board of Trade
Mercado Español de Futuros Financieros (MEFF)
Montreal Exchange
NASDAQ OMX Nordic (Copenhagen)
NASDAQ OMX Futures Exchange
NASDAQ OMX PHLX
New York Mercantile Exchange (CME)
New Zealand Futures Exchange
Euronext Amsterdam
Osaka Securities Exchange (OSE)
Singapore Exchange (SGX)
South Africa Futures Exchange (SAFEX)
Tokyo Stock Exchange (TSE)
Toronto Stock Exchange and TXS Ventures (TMX Group)

Appendix 5

The Depositary has delegated those safekeeping duties set out in Article 22(5)(a) of the UCITS Directive to HSBC Bank plc with registered office at 8 Canada Square, London E14 5HQ, as its global sub-custodian.

HSBC Bank plc as global sub-custodian has appointed local sub-custodians as listed below, as at the date of this prospectus. This list is current as at the date of this Prospectus, more up-to-date information (if any) is available from the ACD on request.

MARKET	**SUB-CUSTODIAN**
ARGENTINA	HSBC ARGENTINA SA
AUSTRALIA	HSBC BANK AUSTRALIA LIMITED
AUSTRIA	UNICREDIT BANK AUSTRIA AG
BAHRAIN	HSBC BANK MIDDLE EAST LIMITED, BAHRAIN BRANCH
BANGLADESH	THE HONGKONG & SHANGHAI BANKING CORPORATION
BELGIUM (LOCAL CUSTODY)	BNP PARIBAS SECURITIES SERVICES
BERMUDA	HSBC BANK BERMUDA LIMITED
BOSNIA & HERZEGOVINA	UNICREDIT BANK D.D
BOTSWANA	STANDARD CHARTERED BANK BOTSWANA LIMITED
BRAZIL	HSBC CORRETORA DE TITULOS E VALORES MOBILIARIOS SA
BULGARIA	UNICREDIT BANK BULGARIA
CANADA	ROYAL BANK OF CANADA
CHILE	BANCO SANTANDER CHILE
CHINA (SHANGHAI)	HSBC BANK (CHINA) COMPANY LIMITED
CHINA (SHENZEN)	HSBC BANK (CHINA) COMPANY LIMITED
COLOMBIA	CORPBANCA INVESTMENT TRUST COLOMBIA SA
CROATIA	PRIVENDA BANKA ZAGREB
CYPRUS	HSBC BANK PLC
CZECH REPUBLIC Client and proprietary assets are segregated	CESKOSLOVENSKA OBCHODNI BANKA, A S (CSOB), AND SLOVAKIA A.S
DENMARK	SKANDINAVISKA ENSKILDA BANKEN
EGYPT	HSBC BANK EGYPT SAE
ESTONIA	AS SEB PANK
FINLAND	SKANDINAVISKA ENSKILDA BANKEN
FRANCE	CAECIS BANK
GERMANY	HSBC TRINKAUS & BURKHARDT
GHANA	STANDARD CHARTERED BANK GHANA LIMITED
GREECE	HSBC BANK PLC
HONG KONG – Special Administrative Region	THE HONGKONG & SHANGHAI BANKING CORPORATION LIMITED
HUNGARY	UNICREDIT BANK HUNGARY ZRT
INDIA	THE HONGKONG & SHANGHAI BANKING CORPORATION LIMITED
INDONESIA	THE HONGKONG & SHANGHAI BANKING CORPORATION LIMITED
IRELAND Please refer to 'United Kingdom and Ireland'	HSBC BANK PLC
ISRAEL	BANK LEUMI LE-ISRAEL BM
ITALY	BNP PARIBAS SECURITIES SERVICES, MILAN BRANCH
JAPAN	THE HONGKONG & SHANGHAI BANKING CORPORATION LIMITED
JORDAN	BANK OF JORDAN
KAZAKHSTAN	CJSC CITIBANK KAZAKHSTAN
KENYA	STANDARD CHARTERED BANK KENYA

MARKET	SUB-CUSTODIAN
KUWAIT	HSBC BANK MIDDLE EAST LIMITED, KUWAIT BRANCH
LATVIA	AS SEB BANKA
LEBANON	HSBC BANK MIDDLE EAST LIMITED
LITHUANIA	AB SEB BANKAS
MALAWI	STANDARD CHARTERED BANK (MAURITIUS) LIMITED
MALAYSIA	HSBC BANK MALAYSIA BERHAD
MAURITIUS	THE HONGKONG & SHANGHAI BANKING CORPORATION LIMITED
MEXICO	HSBC MEXICO, SA
MOROCCO	CITIBANK MOROCCO
NAMIBIA	STANDARD BANK NAMIBIA LIMITED
NETHERLANDS	BNP PARIBAS SECURITIES SERVICES
NEW ZEALAND	THE HONGKONG SHANGHAI BANKING CORPORATION LIMITED
NIGERIA	STANDARD BANK GROUP LIMITED
NORWAY	SKANDINAVISKA ENSKILDA BANKEN
OMAN	HSBC BANK OMAN S.A.O.G
PAKISTAN	CITIBANK NA
PALESTINE	HSBC MIDDLE EAST LIMITED
PERU	CITIBANK DEL PERU
PHILIPPINES	THE HONGKONG SHANGHAI BANKING CORPORATION LIMITED
POLAND	BANK POLSKA KASA OPIEKA SA
PORTUGAL	BNP PARIBAS SECURITIES SERVICES
QATAR	HSBC BANK MIDDLE EAST LIMITED, QATAR BRANCH
ROMANIA	CITIBANK EUROPE PLC DUBLIN, ROMANIA BRANCH
RUSSIA	JOINT STOCK COMPANY COMMERCIAL BANK CITIBANK (AO CITIBANK)
SAUDI ARABIA	HSBC SAUDI ARABIA LIMITED
SERBIA	UNICREDIT BANK SERBIA JSC
SINGAPORE	THE HONGKONG & SHANGHAI BANKING CORPORATION LIMITED
SLOVAK REPUBLIC	CESKOSLOVENSKA OBCHODNA BANKA A.S
SLOVENIA	UNICREDIT BANKA SLOVENIJA DD
SOUTH AFRICA	STANDARD BANK OF SOUTH AFRICA LTD
SOUTH KOREA	THE HONGKONG & SHANGHAI BANKING CORPORATION LIMITED
SPAIN	BNP PARIBAS SECURITIES SERVICES
SRI LANKA	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED
SWEDEN	SKANDINAVISKA ENSKILDA BANKEN
SWITZERLAND	CREDIT SUISSE
TAIWAN	HSBC (TAIWAN) LIMITED
TANZANIA	STANDARD CHARTERED BANK (MAURITIUS) LTD
THAILAND	THE HONGKONG & SHANGHAI BANKING CORPORATION LIMITED
TUNISIA	BANQUE INTERNATIONALE ARABE DE TUNISIE
TURKEY	HSBC BANK AS
UGANDA	STANDARD CHARTERED BANK UGANDA LIMITED
UAE	HSBC BANK MIDDLE EAST LIMITED
UNITED KINGDOM & IRELAND	HSBC BANK PLC
UNITED STATES OF AMERICA	BROWN BROTHERS HARRIMAN & CO
VIETNAM	HSBC (VIETNAM) LTD
ZAMBIA	STANDARD CHARTERED BANK ZAMBIA LIMITED
ZIMBABWE	STANDARD BANK OF SOUTH AFRICA LIMITED

Appendix 6

HSBC Global Asset Management (UK) Limited acts as the manager for the following authorised Collective Investment Schemes:

Authorised Unit Trusts

HSBC FSAVC Unit Trust*
HSBC Personal Pension Unit Trust*

*These Unit Trusts are currently being wound up and are no longer available for investment.

Open-Ended Investment Companies

HSBC Specialist Investment Funds
HSBC Index Tracker Investment Funds
HSBC Investment Funds of Funds*
HSBC MERIT Investment Funds
HSBC Private Investment Funds
HSBC OpenFunds

* All the sub-funds of this open-ended investment company are being wound up and are no longer available for investment.

Other Collective Investment Schemes

HSBC Global Asset Management (UK) Limited also acts as the Manager for the following unauthorised Collective Investment Schemes:

HSBC Common Fund for Growth
HSBC Common Fund for Income