~~UCITS compliant with European Directive 2009/65/EC~~

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~~PROSPECTUS~~

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I General characteristics

Form of the UCITS

▶ **Name:**

HSBC EURO SHORT TERM BOND FUND

▶ **Legal form and Member State in which the UCITS was established:**

Mutual fund (FCP) governed by French law.

▶ **Date of inception and expected life span:**

Established on 18 December 1992 for a duration of ninety-nine (99) years.

▶ **Summary of the offer:**

Class	ISIN code	Target subscribers	Initial NAV	Maximum front-end fees	Minimum initial subscription	Appropriation of distributable amounts*	Currency	Minimum subsequent subscription amount:
AC (EUR)	FR0000972473	All subscribers	€152.45	1%	1 thousandth of a unit	Appropriation of net income and net realised gains: Accumulation	Euro	Thousandths of units
AD (EUR)	FR0010503565		€100			Appropriation of net income: Distribution Appropriation of net realised gains: Accumulation and/or Distribution		
IC (EUR)	FR0010495044	All subscribers, especially institutional investors	€10,000	0.5%	€500,000**	Appropriation of net income and net realised gains: Accumulation	Euro	Thousandths of units
ID (EUR)	FR0010495051					Appropriation of net income: Distribution Appropriation of net realised gains: Accumulation and/or Distribution		
IC (USD)	FR0010788836	All subscribers, especially institutional investors	$10,000	0.5%	$500,000**	Appropriation of net income and net realised gains: Accumulation	US Dollar	Thousandths of units
S (EUR)	FR0011994938	Reserved for institutional investors	€1,000	1%	€30,000,000	Appropriation of net income and net realised gains: Accumulation	Euro	1 unit
R (EUR)	FR0011412642	Reserved for UCIs or mandates managed by the HSBC Group	€1,000	6%	1 thousandth of a unit	Appropriation of net income and net realised gains: Accumulation	Euro	Thousandths of units
K (EUR)	FR0011994904	Reserved for HSBC Assurances-Vie (France)	€1,000	6%**	€1,000,000	Appropriation of net income: Accumulation and/or Distribution Appropriation of net realised gains: Accumulation and/or Distribution	Euro	1 thousandth of a unit
K (USD)	FR0014000JU3	Reserved for HSBC Group insurance companies	$1,000	6%	$1,000,000	Appropriation of net income: Accumulation and/or Distribution Appropriation of net realised gains: Accumulation and/or Distribution	Dollar	1 thousandth of a unit

ZC (EUR)	FR0013015534	Reserved for UCIs or mandates of HSBC Global Asset Management (France)	€1,000	6%	1 thousandth of a unit	Appropriation of net income and net realised gains: Accumulation	Euro	1 thousandth of a unit
X (EUR)	FR0014000N21	All subscribers, especially institutional investors	€1,000	1%	€10,000,000	Appropriation of net income and net realised gains: Accumulation	Euro	1 thousandth of a unit
BC (EUR)	FR0013287075	Subscription for this unit is subject to the existence of a specific remuneration agreement between the subscriber and the distributor or the portfolio manager	€100	1%	1 thousandth of a unit	Appropriation of net income and net realised gains: Accumulation	Euro	1 thousandth of a unit

**See details under "appropriation of distributable amounts"*
***With the exception of the Management Company, which may subscribe for only one unit.*

UCIs and mandates managed by an HSBC Group entity are exempted from subscription fees.

▶ Where to obtain the most recent annual and interim reports:

The most recent annual reports and the asset inventory statement will be sent out within eight business days at the investor's written request sent to the Management Company
HSBC Global Asset Management (France)
E-mail: hsbc.client.services-am@hsbc.fr

II - Service Providers

▶ Management Company:

HSBC Global Asset Management (France)
Company address: Cœur Défense, 110 esplanade du Général de Gaulle - La Défense 4 - 92400 Courbevoie

Portfolio management company authorised by the French securities and exchange commission on 31 July 1999 under no. GP99026

▶ Depositary and custodian:

CACEIS Bank
Société Anonyme, an investment services credit institution authorised by the ACPR (French prudential supervision and resolution authority)
Company address: 89-91 rue Gabriel Péri – 92120 Montrouge
Postal address: 12 place des États-Unis - CS 40083 - 92549 Montrouge CEDEX

The depositary's duties cover the tasks, as defined by the applicable regulations, of safekeeping of assets, verification of the validity of the Management Company's decisions, and monitoring of the cash flows of UCITS.

The depositary is independent of the Management Company.

Agents:
The description of the delegated asset custody functions, the list of delegates and sub-delegates of CACEIS Bank, and the information related to conflicts of interest that may arise out of these delegations are available on the CACEIS website: www.caceis.com

Up-to-date information is available to investors upon request.

▶ Subscription and redemption order centralisation agents appointed by the Management Company:

CACEIS Bank
Société Anonyme, an investment services credit institution authorised by the ACPR (French prudential supervision and resolution authority)
Company address: 89-91 rue Gabriel Péri – 92120 Montrouge
Postal address: 12 place des États-Unis - CS 40083 - 92549 Montrouge CEDEX

The depositary is also responsible, as appointed by the Management Company, for managing the Fund's liabilities, which includes the centralisation of subscription and redemption orders for and keeping the issuing account of the Fund's units.

▶ Statutory auditor:

PricewaterhouseCoopers Audit
Crystal Park,
63, rue de Villiers
92200 Neuilly Sur Seine
Represented by Benjamin Moise

▶ Marketing agents:

HSBC Global Asset Management (France)
Company address: Cœur Défense, 110 esplanade du Général de Gaulle - La Défense 4 - 92400 Courbevoie

▶ Agents:

Accounting manager
CACEIS FUND ADMINISTRATION
Company address: 89-91 rue Gabriel Péri – 92120 Montrouge
Postal address: 12 place des États-Unis - CS 40083 - 92549 Montrouge CEDEX

CACEIS FUND ADMINISTRATION, a subsidiary of the CACEIS group, is a commercial company specialising in UCI accounting.
CACEIS FUND ADMINISTRATION will deal in particular with the valuation of the mutual fund and the production of interim documents.

III Operation and management

III-1 General characteristics:

▶ Characteristics of the units or shares:

Type of rights attached to the units: each unitholder is entitled to joint ownership of the mutual fund's assets in proportion to the number of units held.
Liability accounting is administered by CACEIS Bank.
The units are administered by Euroclear France.
Voting rights: since no voting rights are associated with the units in a mutual fund, decisions are taken by the Management Company.
Form of units: bearer.
Subscriptions in directly registered form are authorised only on the prior decision of the Management Company.

Fractional units: subscriptions and redemptions are possible to the level of one thousandth of a unit for the A, I, S, R, K, X, Z, and B units.

▶ **Closing date**:

Last valuation day of December
(Closing of 1st financial year: last trading day of the Paris stock market in December 1993).

▶ **Taxation:**

The UCITS is not subject to corporate tax. According to the principle of transparency, the tax administration considers that the holder directly holds a fraction of the financial instruments and cash held in the UCITS.
The tax system applicable to the amounts distributed by the UCITS or to the unrealised or realised capital gains or losses of the UCITS depends on the tax provisions applicable to the investor and/or the investment jurisdiction of the funds. The investor is advised to contact a specialised advisor on this matter.

III-2 Special provisions

▶ **ISIN code:**

Units	ISIN code
AC (EUR)	FR0000972473
AD (EUR)	FR0010503565
IC (EUR)	FR0010495044
ID (EUR)	FR0010495051
IC (USD)	FR0010788836
S (EUR)	FR0011994938
R (EUR)	FR0011412642
K (EUR)	FR0011994904
K (USD)	FR0014000JU3
ZC (EUR)	FR0013015534
X (EUR)	FR0014000N21
BC (EUR)	FR0013287075

▶ **Classification:**

BONDS AND OTHER DEBT SECURITIES IN EUROS

▶ **Management objective***:*

The management objective is to outperform the benchmark, Bloomberg Euro Aggregate 1-3 years, over the recommended investment period. However, under certain exceptional circumstances and market conditions such as very low interest rate levels and given that the portfolio is invested in fixed-rate bonds and debt securities issued by public or private issuers of the eurozone whose residual life is mainly limited, the portfolio's yield may be less than the total fees charged, either occasionally or on a structural basis.

▶ **Benchmark***:*

The benchmark is the Bloomberg Barclays Euro Aggregate 1-3 years.

The Bloomberg Euro Aggregate 1-3 years index consists of fixed-rate bonds issued in euros with a residual life of between 1 and 3 years with a minimum rating of BBB- from Standard & Poor's and Baa3 from Moody's (Investment Grade). (Bloomberg ticker code: LE13TREU Index). This index is calculated in euros with coupons reinvested.
Consécutivement au Brexit, Bloomberg Fixed Income Indices en tant qu'administrateur de l'indice Bloomberg Euro Aggregate 1-3 ans doit s'enregistrer auprès de l'ESMA au titre de la procédure de

Reconnaissance d'un administrateur situé dans un pays tiers à l'Union européenne du Règlement Benchmark.

Additional information on the benchmark is available on the website of the administrator:
https://www.bloomberg.com/professional/product/indices/bloomberg-fixed-income-indices/#/

The Management Company has a procedure for monitoring benchmark indexes used. It describes the measures to be implemented if substantial modifications are made to an index or these indexes cease to be provided.

▶ Investment strategy:

1 Strategies used:

Management will take advantage of the following sources of performance:

1- active management of interest rate risk, which involves management of sensitivity and yield curve strategies. The overall sensitivity of the fund and the yield curve strategy are decided through market forecasts of the management team respectively concerning changes in interest rates (if interest rates rise, the value of fixed-rate bonds falls) and the distortion of the yield curve (exposure to particular points of the yield curve to benefit from the flattening, steepening, or curvature of yield curves).

2- active management of credit risk, which involves a rigorous selection of issuers on the basis of their risk/return profile, the objective being to minimise the risk for equal return. For a significant proportion of the assets, the manager takes advantage of tactical management credit risk aimed at capital gains.
Securities are selected by on a thorough knowledge of the issuers, associated with the expertise of our team of credit analysts, and on the analysis of the relative value of the various signatures.

3- active management of currency risk. Decisions on investments in currencies other than the euro (up to 10%) are based on the analysis of the macroeconomic context and specific factors in the forex market. However, exposure to currency risk will remain incidental.

The mutual fund's range of sensitivity is (0; +3.5). The sensitivity of a bond corresponds to the price variation of this bond when the interest rates vary.
The managers rely on the work of the team of economists and the results of quantitative analysts' models.

The reasoning incorporates economists' short- and medium-term economic expectations. We believe that bond markets depend primarily on the level of economic growth and inflation. In general, expectations of slower growth, lower inflation, economic forecasts below consensus, and inexpensive bond markets result into a long position.

Decisions are also based on econometric models. The models primarily use historical relationships to anticipate future yields from money markets and bond markets. These models focus on the identified main drivers and provide a sensitivity matrix to quantify risk scenarios.

Quantitative and qualitative data lead to a curve projection over the considered investment horizon. We construct this curve projection by interpolating the various maturities of the money market at the 30-year rate. Decisions are based on our expectation of future value relative to the current market price on the forward yield curve.

Factors such as the supply and demand of financial instruments, the institutional framework, the risk perceptions already anticipated, and other markets can also affect short-term fixed-income markets. Consequently, the reasoning focuses on the weighting of these additional factors taken individually to reach a management decision.

2 Assets (excluding embedded derivatives)

Shares: none

Debt securities and money market instruments

The mutual fund's assets may be composed of bonds and other fixed-rate debt securities (within the intended range of 60% to 100% of assets), bonds, and other variable-rate or inflation-indexed debt securities (up to 100%, the intended holding range being from 0% to 25%), and special-purpose vehicles and mortgage bonds (up to 100%, the intended holding range being from 0% to 30%).

However, depending on market conditions, the manager may choose to deviate significantly from the ranges specified above while nevertheless complying with the regulatory provisions.

The manager may invest up to 10% of assets in securities denominated in currencies other than the euro, hedged against currency risk or not.

Private/public debt allocation: up to 100% non-governmental debt.

Leverage: up to 10%.

Expected level of credit risk: the mutual fund mainly invests in issuers with an investment grade rating: issuers rated at least BBB- by Standard & Poor's or equivalent at the time of the purchase or deemed equivalent by the Management Company.
The Management Company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of assets and in the selection of securities to buy or sell.

Existence of rating criteria: yes for purchase, limited to BBB- by Standard & Poor's or equivalent at the time of purchase.

Duration: no constraint is imposed on the duration of the securities chosen individually.

UCITS, AIF, or investment funds governed by foreign law:

For cash management purposes and to assist in achieving the management objective, the manager may invest up to 10% its assets in UCITS, AIF, or investment funds governed by foreign law:
☑ UCITS under French or European law;
☐ AIF under French law or from EU countries;

☐ listed or non-listed alternative management investment funds: none;
☑ other investment funds: the mutual fund may use “trackers” - ETFs (Exchange Traded Funds) for up to 10% of the assets

The selected UCITS may be managed by an entity of the HSBC group.

Anticipated level of use: 0-10%; maximum permitted level of use: 10%

<u>3 Derivatives:</u>

Type of investment markets:
☑ regulated;
☑ organised;
☑ OTC.

Fund manager’s target risks:
☐ equity;
☑ interest rate;
☑ currency;
☑ credit;
☐ other risks (specify).

Type of operations, all trades to be carried out for the sole purpose of achieving the investment objective:
☑ hedging;
☑ exposure;
☑ arbitrage: simultaneous long and short positions are taken on various points of the yield curve in order to benefit from a distortion of the yield curve (flattening, steepening, and curvature) while keeping the total sensitivity of these positions at 0. Curve arbitrage operations are among the drivers of the mutual fund’s performance. However, these are opportunistic strategies, as the mutual fund is representative of a curve segment.

The intensity of curve arbitrage decisions is measured using the methodology of risk units, which makes it possible to determine, for each portfolio, the anticipated distribution of the ex-ante tracking error by risk factor (duration, curve arbitrage, credit allocation, selection of sector, and selection of security) and the average size of active exposures necessary depending on the relative contribution of each source of performance.

The manager may put credit arbitrage strategies in place, particularly using CDS.

☐ other type (specify).

Type of instruments used:
☑ futures (regulated markets): on European government bonds, on swap notional for exposure and hedging purposes
☑ options on futures and securities (regulated markets): on European government bonds, on swap notional for exposure and hedging purposes
☑ options on securities (OTC markets): on European government bonds for exposure or hedging purposes
☑ swaps (OTC instruments): the mutual fund’s manager may use interest rate swaps for exposure or hedging purposes;
☑ forward exchange (OTC instruments) for exposure or hedging against currency risk for investors in euros;

- ☑ credit derivatives; mainly single-name CDS; sector-based indexes (iTraxx CDX in particular) and sub-indexes of CDS; tranches of indexes; CDO, CLO (senior and mezzanine tranches);

Credit derivatives make it possible to convey the Management Company's fundamental expectations on the credit market easily and efficiently. They are used as part of directional strategies (hedging or exposure to changes in credit spreads) and arbitrage strategies (exploitation of inefficiencies of the credit market).

The Fund shall not use any total return swaps.

The strategy for using derivatives to achieve the investment objective:
- ☑ general hedging of the portfolio;
- ☑ reconstitution of synthetic exposure to assets and risks;
- ☑ increase in market exposure and specification of the maximum leverage authorised (up to 100% of assets, i.e., leverage of 2);
- ☐ other strategy (specify).

Counterparties eligible for transactions on OTC financial futures are selected according to the procedure described in the paragraph: "Brief description of the intermediary selection procedure."

Financial collateral used for OTC financial futures is the subject of a financial collateral policy available on the Management Company's website.

These transactions may be completed with counterparties selected by the management company among financial establishments whose registered office is located in an OECD member State. These counterparties may be companies affiliated with HSBC Group.

These counterparties must have trustworthy credit and, in any case, a minimum Standard & Poor's rating of BBB-, the equivalent, or a rating deemed equivalent by the management company.

This financial collateral policy specifies:

- The haircut applicable to the financial collateral. It relies on the volatility of the security, which is characterised by the type of assets received, the rating, the maturity of the security, etc. This haircut has the effect of requiring financial collateral greater than the market value of the financial instrument.

- The assets accepted as collateral, which can be composed of cash, government securities, Negotiable European Commercial Paper, and debt securities/bonds issued by private issuers.

Financial collateral other than cash may not be sold, reinvested, or pledged. Bond securities must have maximum maturity of 50 years.

Financial collateral consisting of cash must be:
- deposited in credit establishments whose registered offices are in an OECD member nation or a third country with equivalent reserve regulations,
- invested in high-quality government bonds,
- invested in reverse repurchasing agreements whose counterpart is a credit establishment subject to reserve monitoring, and from which the UCITS may withdraw cash at any point,
- invested in short-term money market funds.

The delivery of financial collateral in the form of securities and/or cash is held in distinct accounts by the depositary.

4 Securities with embedded derivatives (warrants, credit link note, EMTNs, share warrants, etc.)

Fund manager's target risks:
☐ equity;
☑ interest rates;
☑ currency;
☑ credit;
☐ other risk (specify).

Type of operations, all trades to be carried out for the sole purpose of achieving the investment objective. :
☑ hedge;
☑ exposure;
☑ arbitrage;
☐ other (specify).

Type of instruments used: EMTN, puttable/callable bonds.

Embedded derivatives are used as an alternative to direct investment in pure derivatives.
Anticipated level of use: 0-50%; maximum permitted level of use: 100%
Leverage: up to 10%

5 Deposits:

Within the meaning of the French monetary and financial code, deposits contribute to achieving the UCITS's management objective by allowing it to manage its cash.
Anticipated level of use: 0-10%; maximum permitted level of use: 100%.

6 Cash loans:

Under normal operation, the mutual fund may be temporarily in a debtor position. In such cases, it may borrow cash.
Anticipated level of use: 0-10%; maximum permitted level of use: 10%.

7 Temporary purchases and sales of securities:

- Types of transactions used:
  ☑ repos and reverse repos within the meaning of the French monetary and financial code;
  ☐ lending and borrowing of securities within the meaning of the French monetary and financial code;
  ☐ other type (specify).

- Type of trades: all transactions must be limited to achievement of the management objective and in the best interest of the UCITS. Only fixed-income instruments may be the subject of temporary purchases and sales of securities.

  These transactions aim to:
  - For repos and reverse repos: manage UCITS residual cash flow related to subscriptions/redemptions and optimise income.

For protection against a counterparty default, temporary purchases and sales of securities may give rise to the delivery of financial collateral in the form of securities and/or cash held in distinct accounts by the depository. These conditions are stipulated in the section "Derivatives".

These transactions may be completed with counterparties selected by the management company among financial establishments whose registered office is located in an OECD member State. These counterparties may be companies affiliated with HSBC Group.

These counterparties must have trustworthy credit and, in any case, a minimum Standard & Poor's rating of BBB-, the equivalent, or a rating deemed equivalent by the management company.

- Anticipated level of use: 0-10%; maximum permitted level of use: 100%
- Leverage: up to 10%
- Remuneration: see additional information in the "Charges and fees" section.

▶ Risk profile*:*

"Your money will be invested mainly in financial instruments selected by the management company. These instruments will be affected by developments and disturbances in the markets."

Main risks:

Risk of capital loss: the UCITS offers no guarantee or capital protection. It is therefore possible that the capital initially invested will not be returned in full.

Interest rate risk: the price of fixed-rate bonds and other fixed-income securities (without associated options) varies in reverse proportion to fluctuations in interest rates. For example, in the event of an increase in interest rates, the value of these bonds will fall together with the net asset value. In addition, the manager may carry out rate arbitrage transactions, which involves anticipating a distortion of the yield curve. However, it is possible that the manager will not anticipate a particular type of distortion of the curve, which could lead to a significant decline in the net asset value.

Credit risk: Credit risk is the risk of deterioration of the issuer's financial situation, with the extreme risk being the issuer's default. This deterioration could lead to a drop in the value of the issuer's securities and thus a reduction in the value of the fund. This may, for example, involve the risk of non-redemption of a bond within the deadlines. The credit risk of an issuer is reflected in its ratings by official rating agencies such as Moody's and Standard & Poor's. Ratings increase with the credit risk: issuers from the investment grade category to the high-yield category.
The use of subordinated bonds may create a risk related to the payment characteristics of the security in the event of the issuer's default. The fund, which is exposed to a subordinated security, will not be given priority, and the repayment of the capital as well as the payment of coupons will be subordinate to those of other senior creditors. As such, the repayment of its security may be partial or zero. The use of subordinated bonds may result in a greater risk of a decrease in the net asset value than that associated with conventional bonds.

The Management Company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of assets and in the selection of securities to buy or sell.

Securitisation risk: for these instruments, the credit risk is based primarily on the quality of the underlying assets, which can be of various types (bank loans, debt securities, etc.). These instruments result from complex structures that may include legal risks and specific risks due to the characteristics of the underlying assets. The materialisation of these risks may result in a decrease in the net asset value of the UCITS.

Incidental risks:

Currency risk: the mutual fund is exposed incidentally to currency risk through the purchase of securities denominated in a currency other than the euro and not hedged against currency risk. Currency risk is the risk associated with fluctuations in exchange rates. Therefore, the net asset value may decrease.
Only IC units in USD are hedged against currency risk.

Liquidity risk: the markets on which the mutual fund invests may occasionally and temporarily be affected by a lack of liquidity under certain market circumstances or configurations. These market disruptions may impact the pricing conditions under which the mutual fund may be led to liquidate, initiate, or change positions, and hence involve a drop in the net asset value of the mutual fund.

Risk associated with investments in futures markets: the mutual fund may invest in financial futures within the limit of its asset value. This exposure to markets, assets, and indexes through financial futures may lead to significantly greater or more rapid declines in the net asset value than is observed in fluctuations in underlying investments in these instruments.

Counterparty risk: the UCITS is exposed to the counterparty risk resulting from the use of OTC financial futures and temporary purchases and sales of securities. This is the risk that the counterparty with which a contract has been made will not meet its obligations, e.g., delivery, payment, repayment, etc.
In this case, the counterparty's breach may decrease the NAV of the UCITS. This risk is reduced by the establishment of financial collateral between the UCITS and the counterparty, as described in the investment strategy.

Inflation risk: the mutual fund has no systematic protection against inflation, i.e., the increase in the general level of prices over a given period. The performance of the mutual fund measured in real terms shall hence be proportionally diminished by the rate of inflation observed over the reference period.

Risk of potential conflicts of interest: in connection with transactions on financial contracts and/or temporary purchases and sales of securities, there may be a risk when the intermediary used to select a counterparty or the counterparty itself has a direct or indirect equity link to the Management Company (or to the depositary). The management of this risk is described in the "Conflict of interest policy" established by the Management Company and available on its website.

<u>Risk related to management of financial collateral:</u> investors may be exposed to legal risks (in relation to legal documentation, execution of contracts, and limits of contracts), transactional risks, and risks related to the reuse of cash received as collateral; the mutual fund's net asset value may change due to fluctuations of the value of the securities purchased by investing cash received as collateral. Due to exceptional market circumstances, the unitholder may also be exposed to liquidity risk involving, for instance, difficulties trading certain securities.

Investors are responsible for analysing the risk inherent in such an investment and to form their own opinion independently of the HSBC Group, if necessary with the support of advisors specialising in these matters in order to ensure that this investment is appropriate for their financial position.

Integration of sustainability risks in investment decisions and likely impact of sustainability risks on performance

1. As a financial market participant, the Investment Manager is subject to Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (or "SDFR Regulation").

As such, it has put in place a policy for integrating sustainability risks in its investment decision-making processes.

Sustainability risk is an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

The sustainability risk policy is centred on the ten principles of the United Nations Global Compact ("UNGC"), which defines the key areas of financial and non-financial risk: human rights, labour, environment and anti-corruption. The Investment Manager relies on service providers to identify companies that perform poorly in these areas and, where potential risks are identified, it then conducts its own checks. The Investment Manager's strategy involves monitoring sustainability risks on an ongoing basis.

The Investment Manager acts in the best interest of investors. Over time, sustainability risks can influence the performance of Funds through their investment with regard to emissions by companies, sectors, regions and asset classes. Although the Funds have their own management strategy, the Investment Manager's objective is to generate competitive risk-adjusted returns for investors. To do so, it conducts in-depth financial analysis and comprehensive sustainability risk assessment as part of a broader risk assessment for each Fund.

The sustainability risk policy can be found on HSBC Global Asset Management website: ~~www.assetmanagement.hsbc.fr/fr.~~www.assetmanagement.hsbc.fr.

2. Companies that properly manage sustainability risks should be better positioned to anticipate future sustainability risks and opportunities. This makes them strategically more resilient and thus able to anticipate and adapt to long-term risks and opportunities. Likewise, when they are not properly managed, sustainability risks can have negative impacts on the value of the underlying company or the competitiveness of a country that issues sovereign bonds. Sustainability risks can take different forms for the companies or governments in which the Funds invest, such as: (i) a decline in turnover due to changing consumer preferences, negative impacts on the workforce, social unrest and a decline in production capacity; (ii) higher capital/operating costs; (iii) the depreciation and anticipated retirement of existing assets; (iv) reputational damage due to fines and court orders and the loss of license to operate; and (v) risk score (and market score) sovereign bond market and credit risk. All these risks could potentially affect the Fund performance.

The potential impacts of sustainability risks on the Fund performance will also depend on the investments made by the Fund and the materiality of sustainability risks. The likelihood that sustainability risks will occur should be mitigated by the relevant Investment Manager's approach to integrating sustainability risks in its investment decision-making process as outlined in the Policy. The potential impacts of sustainability risks on the performance of Funds that use ESG criteria are further mitigated. However, there is no guarantee that these measures will completely mitigate or prevent the occurrence of sustainability risks for these Funds. As a result, the likely impact on Fund performance of an actual or potential material decline in the value of an investment due to a sustainability risk will vary and depend on several factors.

3. The Fund takes sustainability risks into consideration in the investment decision-making process. The Investment Manager integrates sustainability risks by identifying the ESG factors likely to have a material financial impact on an investment's performance. Exposure to a sustainability risk does not necessarily mean that the Investment Manager will refrain from taking or maintaining a position. Rather, it means that the Investment Manager will take into consideration sustainability risk assessments as well as other material factors in the context of the company in which it is investing or the issuer, the investment objective and the investment strategy of the Fund.

4. The Fund may make significant investments in derivatives. In that case, it is more difficult to take sustainability risks into account as the Fund does not invest directly in the underlying asset. As of the date of the prospectus, no ESG integration methodology can be applied to derivatives.

5. The Fund's strategy does not include non-financial approaches. Principal adverse impacts on sustainability factors are therefore not taken into account.
The provisions of the SFDR are supplemented by those of Regulation (EU) 2020/852 of 18 June 2020, known as the Taxonomy Regulation. It establishes an EU-wide classification system intended to provide businesses and investors with a common language to identify to what degree economic activities can be considered environmentally sustainable.

The investments underlying the fund do not take into account the EU criteria for environmentally sustainable economic activities.

▶ Guarantee or protection:

None

▶ Target subscribers and typical investor profile:

<table>
<tr><th>Unit class</th><th>Investor concerned</th><th>Minimum initial subscription</th><th>Currency</th><th>Hedging of the unit against currency risk</th></tr>
<tr><td>A (EUR)</td><td>All subscribers</td><td>1 thousandth of a unit</td><td rowspan="8">EUR</td><td rowspan="8">-</td></tr>
<tr><td>I (EUR)</td><td>All subscribers, especially institutional investors</td><td>EUR 500,000</td></tr>
<tr><td>S (EUR)</td><td>Reserved for institutional investors</td><td>EUR 30,000,000</td></tr>
<tr><td>R (EUR)</td><td>Reserved for UCIs or mandates managed by the HSBC Group</td><td>1 thousandth of a unit</td></tr>
<tr><td>K (EUR)</td><td>Reserved for HSBC Assurances Vie (France)</td><td>EUR 1,000,000</td></tr>
<tr><td>Z (EUR)</td><td>Reserved for UCIs and mandates of HSBC Global Asset Management (France)</td><td>1 thousandth of a unit</td></tr>
<tr><td>X (EUR)</td><td>All subscribers, especially institutional investors</td><td>EUR 10,000,000</td></tr>
<tr><td>B (EUR)</td><td>Subscription for this unit is subject to the existence of a specific remuneration agreement between the subscriber and the distributor or the portfolio manager</td><td>1 thousandth of a unit</td></tr>
<tr><td>I (USD)</td><td>All subscribers, especially institutional investors</td><td>USD 500,000</td><td rowspan="2">USD</td><td rowspan="2">Hedging of currency risk (USD versus EUR)</td></tr>
<tr><td>K (USD)</td><td>Reserved for HSBC Group insurance companies</td><td>1 thousandth of a unit</td></tr>
</table>

<u>Provisional measures prohibiting subscriptions to the fund from 12 April 2022:</u>

From 12 April 2022, pursuant to EU regulation no. 833/2014 as amended and EU regulation no. 765/2006 as amended, the subscription of units in this fund is prohibited to any Russian or

Belarusian national, to any natural person residing in Russia or Belarus or to any legal person, entity or organisation established in Russia or Belarus except for nationals of a Member State of the European Union (EU) and natural persons holding a temporary or permanent residence permit in a Member State of the European Union (EU).

The mutual fund's units may not be offered to or subscribed by Non-Eligible Persons, as defined below:

- **Regulations for Automatic Exchange of Tax Information**

FATCA refers to Sections 1471 to 1474 of the US code, any current or future regulation or their official interpretations, any agreement concluded pursuant to Section 1471(b) of the Code, or any tax regulation, law, or practice adopted pursuant to any intergovernmental agreement concluded in relation to the implementation of these Sections of the US Code. FATCA was implemented in France through the signing of the intergovernmental agreement concluded between France and the United States on 14 November 2013 for the application of the US regulation Foreign Account Tax Compliance Act (FATCA).

US Code refers to the United States Internal Revenue Code of 1986;

Common Reporting Standard (CRS) refers to Council Directive 2014/107/EU of 9 December 2014 (DAC 2 Directive) amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation as well as the conventions entered into by France enabling the automatic exchange of information in tax matters. This is based on the regulations on the automatic exchange of information in tax matters drafted by the OECD.

The FATCA and CRS regulations were transposed into French law by Article 1649 AC of the French general tax code. They formalise the collection by financial institutions of information related to the status of a US Person and to the tax residence of their clients, particularly upon the opening of a financial account.

These financial institutions must send to the French tax authorities, for transmission to the corresponding foreign tax authorities, certain information relating to the reportable financial accounts of the US Person clients and clients with tax residence outside of France in an EU Member State or in a state with which an agreement covering the automatic exchange of information is applicable.

The determination of the financial institution upon which *these obligations are incumbent depends on the holding arrangement of the units.*

- **RESTRICTIONS ON THE ISSUANCE AND REDEMPTION OF UNITS FOR US PERSONS**

The mutual fund's units may not be offered or sold to any US person. For the purposes of this restriction, the term "US person" ("USP") refers to:

1. A natural person who is deemed to be a resident of the United States under a law or regulation of the United States.

2. An entity:

i. that is a joint-stock company, a private company, a limited liability company, or other commercial entity:

a. that has been created or incorporated under a federal law or a state of the United States, including any foreign agency or branch of this entity; or

b. that, regardless of its place of inception or incorporation, was incorporated mainly for passive investments (such as a company or an investment fund or a similar entity, other than an employee savings scheme or an employee savings fund, managers or officers of a foreign entity whose principal place of business is located outside of the United States);
    - and that is directly or indirectly owned by one or more USP, in respect of which these USPs (unless they are defined as Qualified Eligible Persons under Regulation 4.7(a) of the CFTC) hold in total, directly or indirectly, an equity interest of 10% or more; or
    - if a USP is the general partner, managing partner, or managing director or has another function with the power to direct the activities of the entity; or
    - was incorporated by or for a USP mainly in order to invest in securities that are not registered with the SEC; or
    - more than 50% of whose equity securities with voting rights or equity securities without voting rights are held directly or indirectly by USPs; or

c. that is an agency or branch of a foreign entity located in the United States; or
d. whose principal place of business is located in the United States; or

ii. that is a trust created or formed under a federal law or a law of state of the United States regardless of its place of inception or formation;

a. in which one or more USPs have the power to control all major decisions; or
b. whose administration or whose incorporation documents are subject to the control of one or more courts of the United States; or
c. whose creator, founder, trustee, or other person responsible for decisions regarding the trust is a USP; or

iii. that is an estate of a deceased person, irrespective of the place of residence of the person when he or she was alive, whose executor or administrator is a USP.

3. An employee savings scheme established and managed in accordance with the laws of the United States.

4. A discretionary or non-discretionary management mandate or a similar investment method (other than an estate or trust) held by a foreign or US broker or other authorised representative to the benefit of or for the account of a USP (as defined above).

For the purposes of this definition, “United States” or “US” refers to the United States of America (including the States and the District of Columbia), its territories, possessions, and other areas subject to its jurisdiction.

If, as the result of an investment in the mutual fund, unitholders become a US Person, they shall be prohibited from (i) making additional investments in the mutual fund and (ii) their units shall be the subject of a forced redemption as soon as possible by the mutual fund (subject to the provisions of the applicable law).

From time to time, the mutual fund may amend the aforementioned restrictions or waive them.

- **RESTRICTIONS ON THE ISSUANCE AND REDEMPTION OF UNITS FOR CANADIAN RESIDENTS**

The units described in this prospectus may be distributed in Canada only through HSBC Global Asset Management (Canada) Limited; in addition, this prospectus may not be used for solicitation purposes or constitute a solicitation or an offer to purchase the units in Canada, unless HSBC Global Asset Management (Canada) Limited carries out the said solicitation. A distribution or solicitation shall be deemed to have taken place in Canada when it is made to a person (i.e., a natural person, a joint stock company, a trust, a private company or other entity, or other legal entity) residing or established in Canada at the time of the solicitation. For these purposes, the following persons are generally regarded as Canadian Residents:

1. A natural person, if

    i. the primary residence of this natural person is located in Canada; or

    ii. the natural person is physically present in Canada at the time of the offer of the sale or other activity concerned.

2. A joint-stock company, if

    i. its registered office or principal place of business is located in Canada; or

    ii. the securities of the joint stock company entitling their holder to elect a majority of the directors are held by natural persons constituting Canadian Residents (according to the definition above) or by legal entities established or located in Canada; or

    iii. the natural persons who make the investment decisions or give instructions in the name of the joint stock company are Canadian Residents (according to the definition above).

3. A trust, if

    i. the principal place of business of the trust (where applicable) is located in Canada; or

    ii. the trustee (in case of multiple trustees, a majority of them) is a natural person who is a Canadian Resident (as described above) or legal entity residing or otherwise located in Canada; or

    iii. natural persons who make investment decisions or provide instructions on behalf of the trust are natural persons who are Canadian Residents (as described above).

4. A limited partnership, if

    i. the registered office or principal place of business (where applicable) of the company is located in Canada; or

    ii. the holders of a majority of the company's equity securities are Canadian Residents (as described above); or

    iii. the general partner (if applicable) is a Canadian Resident (as described above); or

    iv. natural persons who make investment decisions or provide instructions on behalf of the company are natural persons who are Canadian Residents (as described above).

The amount which is reasonable to invest in this mutual fund depends on your personal situation. The holder is therefore advised to seek the advice of a professional in order to diversify his or her investments and to determine the proportion of the financial portfolio or his or her assets to invest in this mutual fund with regard to the recommended investment period and the exposure to the aforementioned risks, and his or her personal assets, needs and objectives.

The recommended minimum investment period is 1 year.

▶ Appropriation of distributable amounts:

A switch from one unit class to another is considered a redemption followed by a subscription and is therefore subject to tax.

In accordance with the regulatory provisions, the net income for the financial year is equal to the amount of interest, arrears, dividends, premiums, bonuses, and directors' fees, as well as all income relating to securities that constitute the mutual fund's portfolio, plus income *from temporary cash holdings, minus management fees and borrowing costs.*

Amounts distributable by a UCITS consist of:

1- The net income, plus retained earnings, plus or minus the balance of accrued income;

2- Realised capital gains, net of costs, minus realised capital losses, net of costs, recognised during the financial year, plus net capital gains of the same type recognised during prior financial years that were not the subject of any distribution or accumulation, and minus or plus the balance of accrued capital gains.

The amounts indicated in points 1° and 2° above may be distributed independently of each other, in whole or in part.

Distributable amounts	**AC (EUR) unit** **IC (EUR) unit** **IC (USD) unit** **S (EUR) unit** **R (EUR) unit** **ZC (EUR) unit** **X (EUR) unit** **BC (EUR) unit**	**K (EUR) unit** **K (USD) unit**	**AD (EUR) unit** **ID (EUR) unit**
Net income (1)	Accumulation	Accumulation and/or distribution, based on the Management Company's annual decision	Distribution
Net realised capital gains (2)	Accumulation	Accumulation and/or distribution, based on the Management Company's annual decision	Accumulation and/or distribution on the Management Company's decision each year

▶ Distribution frequency:

Annual

▶ Characteristics of the units or shares:

Fractional units:

Class AC (EUR) units
The initial net asset value is €152.45.
Subscriptions and redemptions will be executed in thousandths of a unit or for an amount.

Class AD (EUR) units
The initial net asset value is €100.
Subscriptions and redemptions will be executed in thousandths of a unit or for an amount.

Class IC (EUR) units
The initial net asset value is €10,000.
Subscriptions and redemptions will be executed in thousandths of a unit or for an amount.

Class ID (EUR) units
The initial net asset value is €10,000.
Subscriptions and redemptions will be executed in thousandths of a unit or for an amount.

Class IC (USD) units

The initial net asset value is $10,000.
Subscriptions and redemptions will be executed in thousandths of a unit or for an amount.

Class R (EUR) units
The initial net asset value is €1,000.
Subscriptions and redemptions will be executed in thousandths of a unit or for an amount.

Class K (EUR) units
The initial net asset value is €1,000.
Subscriptions and redemptions will be executed in thousandths of a unit or for an amount.

Class K (USD) units
The initial net asset value is $1,000.
Subscriptions and redemptions will be executed in thousandths of a unit or for an amount.

Class S (EUR) units
The initial net asset value is €1,000.
Subscriptions and redemptions will be executed in thousandths of a unit or for an amount.

Class ZC (EUR) units
The initial net asset value is €1,000.
Subscriptions and redemptions will be executed in thousandths of a unit or for an amount.

Class X (EUR) units
The initial net asset value is €1,000.
Subscriptions and redemptions will be executed in thousandths of a unit or for an amount.

Class BC (EUR) units
The initial net asset value is €100.
Subscriptions and redemptions will be executed in thousandths of a unit or for an amount.

▶ Subscription and redemption:

Class A (EUR) units
The minimum initial subscription amount is one thousandth of a unit.
Subscriptions and redemptions may be made in thousandths of units or in amount.

Class I (EUR) units
The minimum initial subscription amount is 500,000 euros.
Subscriptions and redemptions will be executed in thousandths of a unit or for an amount.

Class I (USD) units
The minimum initial subscription amount is 500,000 US dollars.
Subscriptions and redemptions will be executed in thousandths of a unit or for an amount.

Class R (EUR) units
The minimum initial subscription amount is 1 thousandth of a unit.
Subscriptions and redemptions will be executed in thousandths of a unit or for an amount.

Class K (EUR) units
The minimum initial subscription amount is 1,000,000 euros.
Subscriptions and redemptions will be executed in thousandths of a unit or for an amount.

Class K (USD) units
The minimum initial subscription amount is 1,000,000 dollars.
Subscriptions and redemptions will be executed in thousandths of a unit or for an amount.

Class S (EUR) units
The minimum initial subscription amount is 30,000,000 euros.
Subscriptions and redemptions will be executed in thousandths of a unit or for an amount.

Class Z (EUR) units
The minimum initial subscription amount is 1 thousandth of a unit.
Subscriptions and redemptions will be executed in thousandths of a unit or for an amount.

Class X (EUR) units
The minimum initial subscription amount is 10,000,000 euros.
Subscriptions and redemptions will be executed in thousandths of a unit or for an amount.

Class BC (EUR) units
The minimum initial subscription amount is 1 thousandth of a unit.
Subscriptions and redemptions will be executed in thousandths of a unit or for an amount.

Subscriptions and redemptions are pooled each day by 12 p.m. (Paris time) at the latest. They will be executed on the basis of the next net asset value calculated using the closing prices on the date of centralisation of the requests.
Subscription and redemption requests received after 12 p.m. will be executed on the basis of the net asset value following the one referred to above.

Settlements relating to subscription and redemption requests are carried out on the first business day (D+1) following the centralisation date.

Orders are executed in accordance with the table below:

Day D trading day	Day D trading day	D: day of NAV calculation	D + 1 business day	D + 1 business day	D + 1 business day
Centralisation of subscription orders before 12 p.m.[1]	Centralisation of redemption orders before 12 p.m.[1]	Execution of the order at the very latest on D	Publication of the NAV	Subscription settlement	Redemption settlement

[1]Unless a specific deadline is agreed with your financial institution.

Institutions designated to receive subscriptions and redemptions and in charge of compliance with the centralisation deadline indicated in the paragraph above:
CACEIS Bank and HSBC Continental Europe as regards customers for whom they ensure custody and management.

Unitholders are hereby notified that orders transmitted to marketing agents other than the establishments mentioned above must take into account the order transfer deadline which applies to said marketers regarding CACEIS Bank. Consequently, these marketing agents may apply their own deadlines, prior to the one mentioned above, in order to account for the time necessary to transmit orders to CACEIS Bank.

A switch from one unit class to another is considered a redemption followed by a subscription and is therefore subject to tax.

▶ Frequency of calculation of the NAV:

The NAV is calculated daily, except on Saturdays, Sundays, legal holidays in France and the closing days of the French market. The net asset value is available from the Management Company.

▶ Charges and fees:

Subscription and redemption fees

The subscription and redemption fees increase the subscription price paid by the investor or reduce the redemption price. The fees earned by the UCITS are used to cover the costs that it incurs in investing or divesting its assets under management. Fees not earned are returned to the management company, marketing agent, etc.

Charges billed to the investor, deducted at the time of subscriptions and redemptions	Base	Scale rate		
		A, S, X, and B units	I (EUR) and I (USD) units	R, Z, K (EUR), and K (USD) units
Subscription fee not earned by the UCITS	NAV x number of units	1% maximum	0.5% maximum	6% maximum
Subscription fee earned by the UCITS	NAV x number of units	None		
Redemption fee not earned by the UCITS	NAV x number of units	None		
Redemption fee earned by the UCITS	NAV x number of units	None		

UCIs and mandates managed by an HSBC Group entity are exempted from subscription fees.

Fees and charges:
Financial management fees and costs of administrative services outside the management company cover all expenses billed directly to the UCITS, with the exception of transaction fees. Transaction fees include intermediation costs (brokerage, market taxes, etc.) and the activity fee, where applicable, which may be deducted in particular by the depositary and the management company.

In addition to financial management fees and costs of administrative services outside the management company, the management company may also include:

- *performance commissions. These remunerate the management company when the UCITS's objectives are exceeded. They are therefore billed to the UCITS;*
- *activity fees billed to the UCITS;*
  a share of income from temporary purchases and sales of securities.

	Charges billed to the UCITS:	Base	Scale rate				
1	Financial management fees	Net assets	**A unit:** Maximum 0.70% incl. tax.	**I, S, R, X, and B (EUR) units:** Maximum 0.30% incl. tax.	**I (USD) unit:** Maximum 0.35% incl. tax.	**K (EUR) and K (USD) units:** Maximum 0.12% incl. tax.	**Z unit:** None
2	~~Costs of administrative services outside the management company~~Operating and other service costs*		Maximum 0.20% incl. tax.				
3	Maximum indirect management fees (commissions and management fees)	Net assets	Insignificant***				
4	Activity fees	Deduction from each transaction	None				
5	Performance commission	Net assets	None				

*

* A percentage of the management fees may be retroceded to third-party distributors in return for marketing the UCITS.

** Operating and other service costs include:

I. UCITS registration and listing fees:
- costs relating to registration of the UCITS in other Member States (including costs invoiced by advisors (lawyers, consultants, etc.) for carrying out the marketing formalities in respect of the local regulator on behalf of the SGP);
- listing fees for UCITS and publication of net asset values for investors' information;
- distribution platform costs (excluding retrocessions); agents in foreign countries who interface with distribution

II. Client and distributor information costs:
- the costs of compiling and distributing DICs/prospectuses and regulatory reports;
- costs relating to the communication of regulatory information to distributors;
- costs of providing information to unitholders by any means;
- information specific to direct and indirect unitholders;
- website administration costs;
- translation costs specific to the UCITS.

III. Data costs:
- licence costs for the benchmark index used;
- costs of data used for redistribution to third parties.

IV. Custodian, legal, audit, tax and other fees:
- statutory audit fees;
- fees related to the custodian;
- fees for delegation of administrative and accounting management;
- tax costs including lawyer and external expert (recovery of withholding taxes on behalf of the fund, local tax agent, etc.);
- legal fees specific to the UCITS.

V. Fees relating to compliance with regulatory obligations and regulatory reporting:
- fees for submitting regulatory reports to the regulator specific to the UCITS;
- fees for compulsory professional associations;

*** *The UCITS invests less than 10% of its assets in other UCIs*

The following costs may be added to the above-listed fees charged to the UCITS:

- contributions due for the management of the UCITS pursuant to paragraph 4 of section II of Article L. 621-5-3 of the French Monetary and Financial Code;
- exceptional and non-recurring taxes, levies and government duties (in relation to the UCITS);
- exceptional and non-recurring costs for the recovery of receivables (e.g. Lehman) or proceedings to assert a right (e.g. class action).

Additional information on temporary purchases and sales of securities:
The Management Company receives no remuneration for these temporary purchases and sales of securities.

Revenues and income generated by temporary purchases and sales of securities are fully earned by the UCITS.

Operational costs and charges relating to repo transactions are borne by the Fund up to the amount of the activity fee indicated above. Any remainder is covered by the Management Company.

Brief description of the intermediary selection procedure:
The Management Company selects brokers or counterparties according to a procedure consistent with the applicable regulations~~ and in particular Articles L. 533-18 to L. 533-18-2 of the French monetary and financial code and Articles 64 to 66 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016.~~. As part of this selection, the Management Company respects its “best execution” obligation at all times.

The objective selection criteria used by the Management Company especially include the quality of order execution, fees applied, as well as the financial solvency of each broker or counterparty.

The counterparties, investment companies, and service providers of HSBC Global Asset Management (France) are selected according to a specific evaluation process intended to ensure that quality service is provided to the company. This is a key element in the general decision-making process which incorporates the impact of the service quality of the broker across all our departments: Management, Financial Analysis and Credit, Trading, and Middle Office.
Counterparty selection can involve an entity linked to the HSBC Group or to the UCITS’s depositary.

The “Policy on best execution and intermediary selection” is provided on the management company website.

IV Commercial information

All information concerning the UCITS may be obtained by contacting the marketing agent directly.

Information on environmental, social and governance quality (ESG) criteria

Pursuant to Article L533-22-1 of the French ~~monetary~~Monetary and ~~financial code, information on~~Financial Code, the ~~social,~~policy on taking into account environmental, social and governance quality (ESG) criteria in ~~this UCITS's~~the investment ~~policy~~strategy is available on ~~HSBC Global Asset Management's~~the management company's website~~ at www.assetmanagement.hsbc.fr/fr and in the Fund's annual report.~~ www.assetmanagement.hsbc.fr.

V Investment rules

The statutory investment rules applying to this UCITS are those that govern UCITS under EU Directive 2009/65/EC in addition to those applying to its AMF classification.

VI Overall risk

The commitment method is used to calculate the overall risk on financial futures.

VII Asset valuation and accounting rules

The asset valuation rules applied by the accounting manager are outlined below according to the instruments held by the UCITS:

The UCITS has adopted the euro as its reference currency.

The prices used for the valuation of securities traded on the stock exchange are the closing prices.

The prices applied for the valuation of bonds are an average contributor.

UCITS are valued at the last known price.

Negotiable debt securities with a residual life of more than three months are valued at the market rate, with the exception of variable-rate or adjustable-rate negotiable debt securities not presenting any particular market sensitivity.

A simple linearisation method is estimated for negotiable debt securities with a remaining life of less than three months and having no particular sensitivity to the market, based on the crystallised three-month rate.

Repos are valued at the contract price.

Futures, options, or exchange transactions made on OTC markets, authorised by applicable UCI regulations, are measured at their market value or at an estimated value according to methods chosen by the Management Company. Interest rate and/or currency swaps are valued at their market value based on the price calculated by discounting future cash flows (principal and interest), at the market interest and/or exchange rates.

European and foreign futures are valued on the basis of the clearing prices.

Interest-rate and foreign currency swaps are valued under market conditions.

The valuation of interest-rate swaps against share performance is carried out:

- under market conditions for the fixed income branch

- according to the underlying security rate for the equity branch.

The valuation of credit default swaps (CDS) stems from a model populated by market spreads.

The commitments appearing on the off-balance sheet in the European and foreign futures markets are calculated

- FUTURES
(Qty x Nominal x Daily rate x Contract currency)

- OPTIONS
(Qty x delta) x (Nominal of underlying instrument x Daily price of underlying instrument x Contract currency).

As far as swaps are concerned, the off-balance-sheet commitment corresponds to the nominal value of the contract plus or minus the interest differential and the unrealised capital gain or loss noted on the closing date.
Interest is recognised according to the accrued interest method.

Items entered in the portfolio are entered at their acquisition price minus costs.

Transaction fees are recognised in specific Fund accounts and are not added to the price.

Additions and redemptions of securities are booked without expenses.

Financial instruments whose rate was noted on the valuation date or whose rate was adjusted are valued at their probable trading value under the responsibility of the management company. These valuations and proof therein are provided to the auditor in connection with its audits.

Valuation of financial collateral:

Collateral is valued daily at the market price (mark to market).

Haircuts can be applied to collateral received in the form of securities according to the level of risk.
Margin calls occur daily unless otherwise indicated in the master agreement covering these transactions on in case of agreement between the management company and the counterparty on the application of a trigger point.

Swing pricing mechanism

The Management Company has implemented a swing pricing mechanism to adjust the Fund's net asset value once a trigger point is reached in order to protect the interests of the Fund's unitholders.

Under this mechanism, investors bear the portfolio adjustment costs – including transaction fees, bid/offer spreads and taxes or fees applicable to the UCITS – related to investments or disinvestments when there are significant numbers of subscriptions and redemptions.

When the net balance of investor subscription and redemption orders exceeds a predefined threshold, called the "trigger point", the NAV is adjusted.

The NAV is adjusted up or down if the balance of subscriptions/redemptions is respectively positive or negative, so as to take into account the readjustment costs attributable to the net subscription and/or redemption orders.

The trigger point is expressed as a percentage of the fund's net assets.

The parameters for the trigger point and the NAV adjustment factor are determined by the Management Company and periodically reviewed.

The adjusted ("swung") NAV is the fund's only NAV and is therefore the only NAV published and communicated to unitholders.

By applying swing pricing with a trigger point, it is possible that the UCITS's volatility will not come from only the volatility of the financial instruments in the portfolio.

In accordance with the regulatory provisions, the management company does not communicate the trigger points and ensures that internal communication channels are restricted so as to safeguard the confidential nature of the information.

Alternative practical methods in exceptional circumstances

Since the net asset value is calculated by a service provider from outside the Management Company, any potential issues with information systems used by the Management Company shall not affect the capacity of the mutual fund to have its net asset value determined and published.

In the event of an issue with the service provider's systems, the service provider's backup plan shall be implemented in order to guarantee continuity in the calculation of the NAV. As a last resort, the Management Company has the necessary means and systems to temporarily mitigate issues with the provider and to determine the net asset value of the mutual fund under its own responsibility.

However, redemption by the fund of its units and issuance of new units may be temporarily suspended by the management company under Article L.214-8-7 of the French monetary and financial code in exceptional circumstances and if required by the interest of the unitholders.

Exceptional circumstances are defined in particular as any period during which:

a) Trading on one of the markets on which a significant proportion of the mutual fund's investments are generally traded are suspended, or one of the methods generally used by the Management Company or its agents to value investments or determine the net asset value of the mutual fund is temporarily discontinued, or

b) The valuation of the financial instruments held by the mutual fund cannot be completed according to the Management Company in a reasonable, quick, fair manner, or

c) According to the Management Company, it is not reasonably possible to sell all or some of the assets in the mutual fund or to invest in the investment markets of the mutual fund, or this is not possible without seriously harming the interests of unitholders in the mutual fund, particularly in case of force majeure that temporarily deprives the Management Company of its management systems, or

d) The fund transfer transactions required for the sale or payment of assets in the mutual fund or for the execution of subscriptions or redemptions of units in the mutual fund are postponed or, according to the Management Company, cannot be carried out quickly at normal exchange rates.

In all cases of suspension, with the exception of ad hoc market communications, the unitholders shall be informed as soon as possible by means of a press notification. The information shall be provided beforehand to the French AMF.

VII. Remuneration

The Management Company, HSBC Global Asset Management (France), has put in place a remuneration policy that is tailored to its structure and its business activities.

This policy aims to provide a framework for the various methods of remunerating employees with decision-making, oversight, or risk-taking authority within the group.

This remuneration policy has been defined to reflect the economic strategy, objectives, values, and interests of the management company within the HSBC Group, and the UCIs managed and their unitholders/shareholders.

The objective of the policy is to discourage risk-taking that is excessive when compared to the risk profile of the managed investment funds.

The Management Company has implemented adequate measures to prevent conflicts of interest.

The remuneration policy is adapted and monitored by the Remuneration Committee and the Board of Directors of HSBC Global Asset Management (France).

The remuneration policy is available online at ~~www.assetmanagement.hsbc.fr/fr~~www.assetmanagement.hsbc.fr or free of charge with a written request to the Management Company.

• *Approved by the COB on:*	*27 November 1992*
• *Creation date:*	*18 December 1992*
• *Updated on:*	*~~30 December 2022~~1 July 2023*

MUTUAL FUND RULES
HSBC EURO SHORT TERM BOND FUND

TITLE I

ASSETS AND UNITS

ARTICLE I - JOINTLY OWNED UNITS

The rights of joint owners are expressed in units, with each unit corresponding to an identical share of the fund's assets. Each unitholder is entitled to joint ownership of the mutual fund's assets in proportion to the number of units held.

The term of the fund is 99 years from the date of its inception, unless it is wound up early or extended pursuant to these regulations.

The characteristics of the various unit classes and their access conditions are set out in the Prospectus.

The various unit classes may:

- be eligible for different income distribution methods (distribution or accumulation);
- be denominated in different currencies;
- incur different management charges;
- be charged different subscription and redemption fees;
- have different nominal values;
- be systematically hedged against risk, either partially or in full, as set out in the prospectus. This hedging is achieved using financial instruments that minimise the impact of hedging transactions on the UCITS's other unit classes;
- be reserved for one or more distribution networks.

Units may be divided, grouped, or split, on the decision of the management company's Board of Directors, into thousandths of units, called fractional units, with the exception of IT units.

The provisions of the regulations governing the issue and redemption of units shall also apply to fractional units, whose value will always be proportionate to that of the unit that they represent. Unless otherwise stated, all other provisions of the regulations relating to units shall apply to fractional units without any need to make a specific provision.

Lastly, the board of directors of the management company may decide, at its sole discretion, to split the units by creating new units that are allocated to unitholders in exchange for the former units.

ARTICLE II - MINIMUM ASSET AMOUNT

Units may not be redeemed if the assets fall below 300,000 euros; where net assets remain below that level for 30 days, the Management Company shall take the necessary measures to wind up the UCITS in question or to perform one of the transactions listed in Article 411-16 of the AMF General Regulations (transfer of the UCITS).

ARTICLE III - ISSUANCE AND REDEMPTION OF UNITS

Units may be issued at any time at the request of the inventors on the basis of their NAV plus subscription fees if applicable.

Subscriptions and redemptions shall be completed under the terms and conditions set forth in the prospectus.

Fund units may be traded in accordance with the applicable regulations.

All initial subscriptions are:

- 1 thousandth of a unit for AC, AD, R, ZC, and BC units
- 500,000 euros for IC and ID units in euros
- 500,000 US dollars for IC units in US dollars
- 1,000,000 euros for K units in euros
- 1,000,000 US dollars for K units in US dollars
- 30,000,000 euros for S units in euros
- 10,000,000 euros for X units in euros.

Subscriptions must be fully paid up on the day when the net asset value is calculated. They may be made in cash and/or by the contribution of financial instruments. The Management Company may turn down the securities offered and must announce its decision within seven days. In the event of acceptance, the contributed securities shall be valued according to the rules set forth in Article IV, and the subscription shall be carried out on the basis of the first NAV following the acceptance of the securities concerned.

Redemptions shall be carried out exclusively in cash except in the case of the liquidation of the fund when the unitholders have notified their agreement to be reimbursed in securities. They shall be settled by the account keeper within a maximum period of five days following the date of valuation of the unit.
However, if, under exceptional circumstances, the reimbursement requires the prior sale of fund assets, this period may be extended but shall not exceed 30 days.

Except in the event of inheritance or *inter vivos* distribution, the disposal or transfer of units between unitholders, or from unitholders to a third party, is equivalent to a redemption followed by a subscription. If a third party is involved, the amount of the disposal or transfer must, where applicable, be supplemented by the beneficiary in order to reach the minimum subscription level required by the fund's prospectus.

Pursuant to Article L. 214-8-7 of the French financial and monetary code, the redemption of units by the mutual fund as well as the issue of new units may be temporarily suspended by the management company in exceptional circumstances and if this is considered to be necessary to protect the interests of the unitholders.

If the mutual fund's net assets fall below the minimum regulatory requirement, no units may be redeemed.

The management company's board of directors may restrict or prevent the holding of units of the Fund by any person or entity prohibited from holding units of the mutual fund (hereafter "Non-Eligible Person"), as defined in the "Target subscribers and typical investor profile" section of the prospectus.

To this end, the management company's board of directors may:

(i) Refuse to issue any unit when it appears such issue would or could mean that said units are directly or indirectly held for a Non-Eligible Person;
(ii) At any time, require from a person or entity whose name appears in the account keeper's register that it be provided with any information accompanied by a sworn statement that it would consider necessary for the purposes of determining whether the beneficial owner of the units in question is a Non-Eligible Person;
(iii) In the event of failure to transmit the information mentioned in (ii), or when a unitholder proves to be a Non-Eligible Person, transmit information about the investor concerned to the competent tax authorities of the country or countries with which France has entered into an information exchange agreement; and
(iv) When it appears that a person or entity is (i) a Non-Eligible Person and (ii) alone or jointly, the beneficial owner of the units, prohibit any new subscription of units in the mutual fund by the unitholder, compel the unitholder to sell the unitholder's interest in the mutual fund,

or, in certain cases, proceed with the forced redemption of all the units held by such a unitholder.

The forced redemption must be carried out by the account keeper of the Non-Eligible Person, on the basis of the NAV following the formal decision of the management company, minus any applicable charges, duties, and fees, which shall remain the responsibility of the Non-Eligible Person.

The formal decision of the management company shall be preceded by a period of discussion suitable for the case in question but no less than 10 days during which the beneficial owner of the units may submit remarks to the competent body of the management company.

The formal decision of the Management Company shall be preceded by a period of discussion suitable for the case in question but no less than 10 days during which the beneficial owner of the units may submit remarks to the competent body of the management company.

The UCITS may cease issuance of units pursuant to Article L. 214-8-7(3) of the French monetary and financial code, temporarily or permanently, partially or fully, in objective situations resulting in the closing of subscriptions such as a maximum number of units issued, a maximum amount of assets reached, or the end of a fixed subscription period. The trigger for this tool shall be subject to a disclosure by any means to the existing unitholders regarding its activation, as well as the threshold and the objective situation having led to the decision of partial or total closure. In case of partial closure, this disclosure by any means shall explicitly stipulate the modalities according to which the existing unitholders may continue to subscribe for the duration of this partial closure. Unitholders shall also be informed by any means of the decision by the UCITS or the management company either to end the total or partial closure of subscriptions (once they have fallen below the trigger point) or not to end it (in the event of a change of threshold or change in the objective situation leading to activation of this tool). A modification of the objective situation invoked or the trigger point of the tool must always be made in the interest of the unitholders. The disclosure by any means stipulates the exact reasons for these modifications.

ARTICLE IV - CALCULATION OF THE NAV

The NAV of the units shall be calculated in accordance with the valuation rules indicated in the prospectus.

TITLE II

OPERATION OF THE FUND

ARTICLE V - THE MANAGEMENT COMPANY

The Fund shall be managed by the management company according to the main guidelines defined for the Fund.

The Management Company must act in the sole interest of the unitholders at all times and shall alone exercise any voting rights attached to the securities in the Fund's portfolio.

ARTICLE V BIS - OPERATING RULES

The prospectus describes the instruments and deposits eligible for inclusion in the fund's assets as well as the investment rules.

ARTICLE V TER - ADMISSION TO TRADING ON A REGULATED MARKET AND/OR A MULTILATERAL TRADING SYSTEM

The units may be admitted to trading on a regulated market and/or multilateral trading system in accordance with the regulations in force. In the event where the mutual fund whose units are traded on a regulated market has an objective based on an index, the Fund must take steps to ensure that the price of units remains meaningfully constant with its NAV.

ARTICLE VI - DEPOSITARY

The depositary shall perform the duties for which it is responsible in accordance with the legal and regulatory provisions in force and those contractually entrusted to it by the Management Company. In particular, it must ensure that the Management Company's decisions are lawful. Where applicable, it must take any protective measures that it deems useful. It informs the AMF of any disputes with the Management Company, where applicable.

ARTICLE VII - STATUTORY AUDITOR

A statutory auditor shall be appointed by the Board of Directors of the Management Company for a term of six financial years after approval from the AMF.

It shall certify that the accounts are true and fair.

Its term of office may be renewed.

The statutory auditor shall be required to notify, as soon as practicable, the AMF of any fact or decision concerning the UCITS of which it has become aware in the performance of its duties that might:

1. Constitute an infringement of applicable laws or regulations and which may have a significant effect on its financial situation, earnings, or assets
2. Adversely affect the conditions or the continuity of its operations
3. Result in a qualified opinion or a refusal to certify the accounts.

Asset valuations and the determination of exchange rates used in currency conversions, mergers, or demergers shall be audited by the statutory auditor.

It shall be responsible for the valuation of all contributions in kind.

It shall verify the accuracy of the composition of the assets and other information before publication.

The statutory auditor's fees shall be set by mutual agreement with the Board of Directors of the Management Company in accordance with a work schedule specifying the measures deemed necessary.

It shall certify the circumstances underlying any interim distributions.

The statutory auditor's fees shall be included in the costs of administrative services outside the management company.

ARTICLE VIII - ACCOUNTS AND MANAGEMENT REPORT

At the end of each financial year, the Management Company shall draw up summary documents and shall establish a fund management report for the financial year ended.

At least once every six months, the Management Company shall prepare an inventory of the UCI's assets under the depositary's supervision.

The Management Company shall hold these documents available for consultation by the unitholders for a period of four months from the year-end and inform them of their revenue entitlement. These documents shall be either sent by post, at the express request of the unitholders, or made available to them at the Management Company.

TITLE III

APPROPRIATION OF DISTRIBUTABLE AMOUNTS

ARTICLE IX - APPROPRIATION OF DISTRIBUTABLE AMOUNTS

Net earnings for the year are equal to the amount of interest, arrears, dividends, premiums, and bonuses as well as all income relating to securities that constitute the fund's portfolio, plus income from temporary cash holdings, minus management fees and borrowing costs.

Amounts distributable by a UCITS consist of:

(1) The net income, plus retained earnings, plus or minus the balance of accrued income;

(2) Realised capital gains, net of costs, minus realised capital losses, net of costs, recognised during the financial year, plus net capital gains of the same type recognised during prior financial years that were not the subject of any distribution or accumulation, and minus or plus the balance of accrued capital gains.

The amounts indicated in points 1° and 2° above may be distributed independently of each other, in whole or in part.

The appropriation of distributable amounts is detailed in the prospectus.

TITLE IV

MERGER - DEMERGER - DISSOLUTION - LIQUIDATION

ARTICLE X - MERGER - DEMERGER

The Management Company may either invest all or part of the Fund's assets in another UCITS that it manages or split the Fund into two or more mutual funds that it will manage.

Such mergers or demergers may only be carried out after unitholders have been notified. They shall result in the issuance of a new certificate stating the number of units held by each holder.

ARTICLE XI - DISSOLUTION - EXTENSION

If the Fund's assets remain below the minimum level set in article 2 above for thirty consecutive days, the Management Company shall notify the AMF and either arrange a merger with another mutual fund or dissolve it.

The Management Company may dissolve the Fund early. In this case, it shall inform the unitholders of its decision, and subscription and redemption requests shall no longer be accepted after that date.

The Management Company shall dissolve the fund if it receives a request to redeem all its units, if the depositary ceases to operate and no other depositary has been appointed, or on expiry of its term, if it is not extended.

The Management Company shall inform the AMF by post of the planned dissolution date and procedure. It shall then send the Statutory Auditor's report to the AMF.

The management company may decide to extend the Fund with the agreement of the depositary. The decision must be taken at least three months before expiry of the Fund's anticipated term and reported to the unitholders and the AMF.

ARTICLE XII - LIQUIDATION

In the event of dissolution, the Management Company or the depositary, with its consent, shall assume the role of liquidator. If this is not possible, a liquidator shall be appointed by the court at the request of any interested party. To this end, they shall be granted extensive authority to realise the assets, pay any creditors, and distribute the available balance among the unitholders in cash or in securities.

The Statutory Auditor and the depositary shall continue in office until all liquidation operations have been completed.

TITLE V

DISPUTES

ARTICLE XIII - COMPETENCE - ELECTION OF DOMICILE

Any disputes relating to the Fund that arise during its operating term or at the time of its liquidation either between unitholders or between the unitholders and the Management Company or the depositary shall be subject to the jurisdiction of the competent courts.

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