

HSBC FUNDS VCC

Dated: 2 October 2024

Valid till: 1 October 2025

- **HSBC Singapore Dollar Liquidity Fund**

HSBC FUNDS VCC

*a Singapore variable capital company with the following sub-funds authorised under
Section 286 of the Securities and Futures Act 2001*

- **HSBC SINGAPORE DOLLAR LIQUIDITY FUND**

PROSPECTUS

Registered on 2 October 2024

HSBC FUNDS VCC

IMPORTANT INFORMATION

This prospectus (the “**Prospectus**”) describes and offers for sale in Singapore shares (“**Shares**”) in the Sub-Fund(s) under the HSBC Funds VCC (the “**Company**” or the “**Fund**”), a variable capital company incorporated in Singapore on 15 July 2024 with variable capital and limited liability.

The collective investment schemes offered in this Prospectus (each a “**Sub-Fund**”, and collectively, the “**Sub-Funds**”) are authorised schemes under the Securities and Futures Act 2001 (“**SFA**”). A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (“**MAS**”). MAS assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by MAS does not imply that the SFA, or any other legal or regulatory requirements have been complied with. MAS has not, in any way, considered the investment merits of the collective investment schemes.

This Prospectus was registered with MAS on 2 October 2024. It is valid up to and including 1 October 2025 and will expire on 2 October 2025.

Unless otherwise stated, the terms defined in the Constitution (as amended or restated from time to time) constituting and relating to the Company (the “**Constitution**”) have the same meanings when used in this Prospectus. The Company has taken all reasonable care to ensure that, to the best of its knowledge and belief, this Prospectus contains accurate information and does not omit anything that would make the information misleading. As the affairs of the Company may change over time, this Prospectus may be updated to reflect material changes. Please check that you have the most updated Prospectus before investing.

The Shares of each Sub-Fund are offered in Singapore based only on the information in this Prospectus. No one is authorised to give any other information or make any other representations concerning the Sub-Funds.

The purchase of a Share in a money market fund is not the same as placing funds on deposit with a bank or deposit-taking company. Although the Company may seek to maintain or preserve the principal value of the money market fund, there can be no assurance that the money market fund will be able to meet this objective. The money market fund is not a guaranteed fund, in that there is no guarantee as to the amount of capital invested or return received.

Please carefully consider the risks of investing in the Sub-Fund(s) set out in this Prospectus. Please note that some of the Sub-Funds may invest into financial derivatives for hedging, efficient portfolio management and/or optimising returns. You should read the relevant Appendix of each Sub-Fund for details. You should seek professional advice and determine (a) the possible tax consequences, especially in connection with the receipt of any distributions intended to be made by the Sub-Fund(s), (b) the legal requirements which may be relevant to the subscription, holding or disposal of Shares, and (c) any foreign exchange restrictions or exchange control requirements which you may encounter under the laws of the country of your citizenship, residence or domicile and which may be relevant to the subscription, holding or disposal of Shares. You are responsible for observing all the laws and regulations that may apply to you (including those of other jurisdictions). Shares are not listed and you may only deal in the Shares through us or our authorised distributors subject to the terms of the Constitution and this Prospectus.

None of the Shares has been or will be registered under the United States Securities Act of 1933, as amended (the "**1933 Act**"), or under the securities laws of any state or political sub-division of the United States of America or any of its territories, possessions or other areas subject to its jurisdiction including the Commonwealth of Puerto Rico (the "**United States**"), and such Shares may not be offered, sold or otherwise transferred in the United States. The Shares are being offered and sold in reliance on an exemption from the registration requirements of the 1933 Act pursuant to Regulation S issued under the 1933 Act. The Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended, nor under any other United States federal laws. Accordingly, Shares are not being offered or sold within the United States or to or for the account of US persons (as defined for purposes of the United States federal securities, commodities and tax laws, including Regulation S) (together "**U.S. Persons**"). Subsequent transfers of Shares within the United States or to U.S. Persons are prohibited.

The Shares have not been, and will not be, qualified for sale under the securities laws of Canada or any province or territory of Canada, and may not be offered or sold, directly or indirectly, in Canada, or to any residents thereof.

If at any time it shall come to our knowledge that any Shares are held by or in the beneficial ownership or under the control of a U.S. Person or a Canadian Resident, we may compulsorily realise such Shareholder's Shares (as described in paragraph 13.7 of this Prospectus).

This Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or lawful, or if made by a person not qualified to make the offer or solicitation. This Prospectus may not be distributed in the United States and certain other jurisdictions.

Please direct your enquiries about the Sub-Fund(s) to the Company.

Personal Data Protection

You consent and acknowledge that any personal data provided to the Company, the Sub-Funds, the Manager, the Custodian, the Administrator and/or such other appointed representatives, delegates, agents and/or service providers of the Company, the Manager and/or each of their affiliates and related corporations (as defined under Section 6 of the Companies Act 1967 ("**Companies Act**")) ("**Recipients**", each a "**Recipient**") whether directly or through appointed agents or otherwise collected by a Recipient or on behalf of a Recipient by any person in connection with the subscription for Shares, including any personal data relating to third party individuals (e.g. your beneficial owners, directors or authorised signatories, if you are not an individual) ("**Data**") may be collected, used, transferred and disclosed (in and outside Singapore), shared, stored and/or otherwise processed by a Recipient to carry out its duties and obligations, or to enforce rights and remedies, in respect of the Company and the Sub-Funds or for purposes including but not limited to the following: (i) updating and maintaining the register of Members; (ii) processing instructions from you or persons acting on your behalf or processing your trades or those of persons acting on your behalf; (iii) fulfilling or complying with any applicable statute, law, rule, regulation, ordinance, decree, voluntary code, directive, sanctions regime, agreement with authorities, regulatory policies, guidelines or industry codes, orders, directions or requests issued by any court, legal or regulatory bodies (whether in Singapore or otherwise) including rules and regulations relating to anti-money laundering and countering the financing of terrorism and the carrying out of audit checks, surveillance and investigation ("**Laws**"), any demands from authorities or obligations under Laws, and Laws requiring any Recipient to verify your identity ("**Compliance Obligations**"); (iv) detecting, investigating and preventing crime, offence or unlawful activity including but not limited to fraud, money-laundering, bribery or corruption, sanctions violations, terrorist financing, tax evasion and

any other crime or attempts to violate laws and fulfilling related Compliance Obligations, and analysing and managing commercial risks; (v) enforcing or defending the Recipient's rights; (vi) meeting, fulfilling or complying with the Recipient's internal operational requirements and internal policies and procedures; (vii) complying with any applicable treaty or agreement with or between Singapore and a foreign jurisdiction; (viii) fulfilling a judgment or order of court or of any other tribunal within Singapore and in an applicable foreign jurisdiction; (ix) providing client-related services, including providing customer support, responding to queries or feedback given by you or persons acting on your behalf, and generating, communicating with and disseminating notices, reports, correspondence, statements, invoices, confirmations and advices to you or persons acting on your behalf; (x) verifying your identity or the identity of persons acting on your behalf; (xi) reviewing and approving your account(s), and the conduct of initial and anticipatory credit checks and assessments, relevant checks, ongoing assessment and verification of ongoing credit-worthiness and standing; (xii) legal claims, actions or proceedings including but not limited to drafting and reviewing documents, obtaining legal advice and facilitating dispute resolution or exercising or enforcing the rights of a Recipient under contract or pursuant to applicable laws and regulations; (xiii) administering, operating, processing or managing the Shares or the Sub-Fund(s); (xiv) handling feedback, queries or complaints; (xv) maintaining the security of the Recipient's premises including but not limited to the use of forms of surveillance such as security cameras; (xvi) facilitating any proposed or actual business assignment, transfer, participation or sub-participation in any of the Recipient's rights or obligations in respect of your relationship with the Recipient; (xvii) all purposes reasonably related to one or more of the foregoing; and (xviii) conducting general administration in relation to the foregoing. Where you provide personal data relating to third party individuals to a Recipient, you warrant that the prior consent of such third party individual, which will allow a Recipient to collect, use and disclose that personal data in the manner and for the purposes described above, has been obtained, and consent and acknowledge to all such collection, use and disclosure on behalf of that third party individual. You shall, upon request from any Recipient, promptly provide a copy of the document(s) containing or evidencing such prior consent obtained from such third party individual.

You consent and acknowledge that Data may be disclosed and transferred to the following parties, in Singapore or in a foreign jurisdiction, for the purposes set out above: (i) any person or entity including government authorities, regulatory bodies, courts and tribunals to whom a Recipient is under an obligation to make disclosure pursuant to any domestic or foreign legal process, legal obligation or regulatory obligation; (ii) related corporations of the Company, the Manager, the Custodian or the Administrator; and (iii) any representative, agent, contractor or third party service provider who provides administrative, mailing, data processing, business process, human resource, information technology or other services to a Recipient in connection with the operation of the business of a Recipient or the administration and operation of the Sub-Fund(s).

You may, after consenting to the collection, use and disclosure of your Data, withdraw your consent by giving notice in writing to the Company, whether directly or through its appointed agents. You should note that the Company could deem a notice of withdrawal of consent submitted by you, or by any third party individuals whose personal data you have provided to the Recipients (e.g. your beneficial owners, directors or authorised signatories, if you are not an individual), to be a request for redemption of all Shares held by you for cash.

You undertake to ensure that all information provided to the Recipient is true, accurate and complete and that changes to any such information shall be notified to the Recipient in a timely manner.

Foreign Account Tax Compliance

Singapore has signed a Model 1 Intergovernmental Agreement ("**IGA**") with the U.S., which gives effect to the automatic tax information exchange requirements of FATCA.

The Income Tax (International Tax Compliance Agreements) (United States of America) Regulations 2020 ("**FATCA Regulations**"), which replaced The Income Tax (International Tax Compliance Agreements) (United States of America) Regulations 2015, gives effect to the IGA. Pursuant to the IGA and the FATCA Regulations, Reporting Singaporean Financial Institutions ("**SGFIs**") (as defined in the IGA) are required to report account information of U.S. persons. SGFIs which comply with the FATCA Regulations will avoid FATCA-related withholding tax on relevant payments that they receive from the United States of America. Failure to comply with the FATCA Regulations by an entity is an offence and such entity is liable upon conviction to a fine and in certain cases the operators of such entity may be subject to a term of imprisonment.

Under the terms of the IGA and the FATCA Regulations, FATCA withholding tax will not be imposed on payments made to the Company (including its Sub-Funds), or on payments made by the Company to an account holder, except to the extent the Company fails to comply with its obligations under FATCA or the IGA, or its investors or account holders otherwise fail to comply with any other obligations they may have to the Company with respect to the Company's obligations under FATCA and/or the IGA, as applicable. FATCA withholding tax, if any, is generally at the rate of 30% on certain payments, including U.S. fixed, determinable, annual periodical income. Investors will be required to furnish appropriate documentation certifying as to their U.S. or non-U.S. tax status and the identity of their controlling persons, together with such additional tax information as the Company may from time to time request to enable the Company to comply with the FATCA Regulations. The Company will report the required information to the U.S. Internal Revenue Service ("**IRS**") via the IRAS on an annual basis.

If any event causes the Company to be unable to comply with its FATCA obligations and be subjected to the 30% FATCA withholding tax on certain payments made to it, the Company and the Investors may be adversely affected which may include a compulsory redemption of the Investors' holdings and/or 30% FATCA withholding.

Investors should consult their own tax advisors on the requirements under FATCA that may be applicable to them.

For the purposes of this section relating to foreign account tax compliance, the following words and expressions shall have the following meanings:

"FATCA" means sections 1471 through 1474 of the United States Internal Revenue Code and any regulations and other guidance issued in connection thereto or any other agreement entered into with or between authorities and governments arising out of or in connection with FATCA or the implementation thereof, as each may be modified, amended, supplemented, re-enacted or re-constituted from time to time.

"US Person" means a United States citizen or resident individual, a partnership or corporation organised in the United States or under the laws of the United States or any state of the United States, or a trust if (i) a court within the United States would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of the trust, and (ii) one or more US Persons have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the United States. This definition shall be interpreted in accordance with the United States Internal Revenue Code. Please note that persons who have lost

their United States citizenship and who live outside the United States may nonetheless in some circumstances be treated as US Persons.

Common Reporting Standard and Automatic Exchange of Information

The Standard for Automatic Exchange of Financial Account Information in Tax Matters ("**AEOI**"), also known as the CRS, is a regime developed by the Organisation for Economic Co-operation and Development to facilitate and standardise for exchange of information on residents' assets and income, primarily for taxation purposes between numerous jurisdictions around the world.

In Singapore, the Income Tax (International Tax Compliance Agreements) (Common Reporting Standard) Regulations 2016 ("**CRS Regulations**") require financial institutions such as the Company to conduct due diligence (including the collection, review and retention of financial account information) and report financial account information relating to reportable persons from jurisdictions with which Singapore has a "competent authority agreement" ("**CAA**") to the IRAS. Such information may subsequently be exchanged with Singapore's CAA partners. Singapore may enter into further CAAs, or the relevant authorities may enact further legislation or impose further requirements, which will form part of the CRS.

The CRS sets out the financial account information to be exchanged, the financial institutions required to report, the different types of accounts and taxpayers covered, as well as the customer due diligence procedures to be followed by the relevant financial institutions. Under the CRS, an "investment entity" (as defined in the CRS Regulations) resident in a CRS participating jurisdiction will be required to comply with the CRS, which includes requiring such investment entity to perform due diligence on its investors and potentially report information on reportable persons to the local tax authorities of jurisdictions participating in the CRS.

Accordingly, the Company (whether through the Manager, the Administrator or otherwise) is entitled to require investors to provide any information regarding their tax status, identity or tax residency in order to satisfy any reporting requirements which the Company may have as a result of the CRS or any applicable legislation or regulation promulgated in connection with the CRS.

Investors should consult their professional advisors on the possible tax and other consequences with respect to the implementation of the CRS.

General

By investing (or continuing to invest) in the Company and each of its Sub-Funds, Investors shall be deemed to acknowledge and agree that:

- (a) they will provide, in a timely manner, such information regarding the Shareholders and their beneficial owners (where applicable) and such forms or documentation as may be requested from time to time by the Company and/or the Manager, its delegates or agents, to enable the Company and/or the Manager to comply with the requirements and obligations imposed pursuant to the FATCA and CRS. The Company (or any person authorised by it, including the Manager and the Administrator) may be required to disclose to the IRAS certain confidential information in relation to the Investor, including, but not limited to, the investor's name, address, tax identification number (if any), social security number (if any) and certain information relating to the Investor's investment;

- (b) the Company and/or the Manager may require the Investors to provide additional information and/or documentation which the Company may be required to disclose to the IRAS (as appropriate);
- (c) where the Investor is to be an entity, including incorporated and unincorporated entities, Company and/or the Manager may require the Investors to provide additional information and/or documentation of their Controlling Persons, which the Company may be required to disclose to the IRAS (as appropriate);
- (d) the IRAS will be required to automatically exchange information as outlined above with the IRS or Singapore's CAA partners;
- (e) the authorities may use such information received for the purpose of administering its tax legislation.

HSBC FUNDS VCC

DIRECTORY

The Company

HSBC Funds VCC
(Company Registration No. T24VC0092F)
10 Marina Boulevard, #48-01
Marina Bay Financial Centre Tower 2
Singapore 018983

Directors of the Company

Lim Pang Qi
Ashmita Acharya
Quah Hui Lay Corina

Manager

HSBC Global Asset Management (Singapore) Limited
(Company Registration No. 198602036R)
10 Marina Boulevard, #48-01
Marina Bay Financial Centre Tower 2
Singapore 018983

Sub-Manager

(in relation to HSBC Singapore Dollar Liquidity Fund)

HSBC Global Asset Management (Hong Kong) Limited
Level 22, HSBC Main Building
Queen's Road Central
Hong Kong SAR

Auditors

KPMG LLP
12 Marina View
#15-01 Asia Square Tower 2
Singapore 018961

Custodian

State Street Trust (SG) Limited
168 Robinson Road
#33-01, Capital Tower
Singapore 068912

Solicitors to the Company

Chan & Goh LLP
8 Eu Tong Sen Street
#24-93 The Central
Singapore 059818

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HSBC FUNDS VCC

1. Structure of HSBC Funds VCC

1.1 The Company is an open-ended umbrella variable capital company incorporated in Singapore on 15 July 2024 under the Variable Capital Companies Act 2018 (the “Act”), with registration number T24VC0092F. It is constituted by way of its Constitution with its registered address at 10 Marina Boulevard, #48-01, Marina Bay Financial Centre Tower 2, Singapore 018983. The Company comprises separate and distinct sub-funds, each having its own investment objective, strategy and focus as set out in the relevant Appendix. Subject to such reasonable restrictions as the Company may impose, Shareholders may inspect a copy of the Constitution at the registered office address of the Company during business hours or request for a copy.

1.2 The Company currently offers one sub-fund, i.e. the HSBC Singapore Dollar Liquidity Fund. The Sub-Fund is an authorised collective investment schemes offered pursuant to this Prospectus. In the future, the Company may by Board Resolutions establish new sub-funds with different investment objectives and strategies within the Company. All assets and liabilities attributable to each Sub-Fund shall be segregated from the assets and liabilities of any other Sub-Funds, and shall not be used for the purpose of, or borne by the assets of, any other Sub-Fund(s).

The Company also has the discretion to establish different classes of Shares in a Sub-Fund (each a “Class” and collectively the “Classes”) from time to time by Board Resolutions. The Classes established within each Sub-Fund are set out in the relevant Appendix of this Prospectus.

Share Class Characteristics:-

Accumulation Shares: Capital accumulation Shares are identifiable by “acc” following the Sub-Fund and Class names (e.g. Class LA (acc)). For Accumulating Share Classes, the net income attributable to that Class is retained and reflected in the price of Shares and not paid out.

Distributing Shares: Distributing Shares are identifiable by “dist” (e.g. Class LA (dist)) and may be offered with the following dividend declaration/payment frequencies (annual/semi-annual/quarterly/monthly), at the discretion of the Company. For Distributing Share Classes, the net income attributable to that Class will be distributed to Shareholders. Distributions (if any) are at the absolute discretion of the Directors and are not guaranteed. The Directors shall have the absolute discretion to determine whether a distribution of income and/or capital gains and/or capital is to be made in respect of any Class.

The Classes in the Sub-Fund(s) may differ, amongst other things, in terms of the currency of denomination, dividend policies, charges, fee arrangements (including different expense ratios), etc.

All Classes will constitute the relevant Sub-Fund and are not separate funds. Any expense, income and/or gain which is attributable to a particular Class of a Sub-Fund shall be deducted from or added to (as the case may be) the value of such Sub-Fund which is attributable to that Class. Although assets and liabilities are clearly attributable to each Class, there is no legal segregation between Classes within a Sub-Fund.

A separate Net Asset Value per Share will be calculated for each Class. The Net Asset Value per Share of each Class will be calculated on each Dealing Day in the currency of the relevant Class.

The Net Asset Value per Share for HSBC Singapore Dollar Liquidity Fund is calculated based on historical pricing and is determined based on the Value as at the applicable Valuation Point (which in relation to a Dealing Day, is the close of business of the last relevant market on the Business Day immediately preceding the relevant Dealing Day on which applications for Shares are received), of the proportion of the Sub-Fund Assets or Class represented by 1 Share and rounding such amount to the nearest four (4) decimal places (or such other number of decimal places or such other method of rounding as the Company may from time to time determine).

Each Share represents an undivided share in the Sub-Fund Assets or the portion of the Sub-Fund Assets attributable to the relevant Class. The rights, interests and obligations of Shareholders are contained in the Constitution.

1.3 The Company will issue two different types of Shares, namely the Management Shares and the Participating Shares. The Management Shares will be issued in respect of the Company only while the Participating Shares will be issued to investors in respect of each Sub-Fund. Each Management Share and Participating Share carries one vote in respect of the matters set out below at any general meeting of the Company.

1.3.1. Management Shares shall carry the following rights:-

- (a) notice, attendance and voting rights: the holder of a Management Share shall (in respect of such share) have the right to receive notice of, attend at and vote as a Member at, any general meeting of the Company (including the right to vote on any scheme of arrangement, merger, reconstruction or amalgamation);
- (b) right to financial statements: the holder of a Management Share shall have the right, in accordance with the Act, to receive a copy of the financial statements (or consolidated financial statements and balance sheet, as the case may be) of the Company in its capacity as a person entitled to receive notice of general meetings;
- (c) redemption and repurchase rights: Management Shares are redeemable and repurchasable at the option of the Company in accordance with the Constitution and are not redeemable at the option of the holders of such Management Shares in accordance with the Constitution and as set out in this Prospectus, save that no Management Shares may be redeemed or repurchased if there shall be less than one Management Share in issuance after such redemption and repurchase;
- (d) economic participation: Management Shares shall not be entitled to any share of the profits or income of the Company or any proceeds, payment or returns arising from realisation of any assets of the Company. A holder of Management Shares will only be entitled to the return of capital paid up on the Management Shares on the liquidation of the Company in accordance with the order of priority set out in the Constitution and may not be redeemed or repurchased for an amount greater than the amount paid up on the Management Shares; and

- (e) such other rights in accordance with the Constitution and as set out in this Prospectus. For the avoidance of doubt, where the Company comprises one or more Sub-Funds, the Management Shares carry the rights and restrictions described in sub-paragraphs (a) to (d) above for each of the Sub-Funds.

Participating Shares shall carry the following rights —

- (a) voting rights: the holder of a Participating Share shall (in respect of such share) not have the right to vote as a Member at any general meeting of the Company (including any vote on a scheme of arrangement, merger, reconstruction or amalgamation), except on a variation of rights as set out in the Constitution or in relation to the matters set out in paragraphs 1.3.2 and 1.3.3 below;
- (b) notice and attendance rights: the holder of a Participating Share shall have the right to receive notice of, attend and speak at any general meeting of the Company;
- (c) right to financial statements: the holder of a Participating Share shall have the right, in accordance with the Act, to receive a copy of the financial statements (or consolidated financial statements and balance sheets, as the case may be) of the Company, in his/its capacity as a person entitled to receive notice of general meetings;
- (d) redemption and repurchase rights: Participating Shares are redeemable and repurchasable at the option of the Company in accordance with the Constitution and shall be redeemable at the option of the holders of such Participating Shares in accordance with the Constitution and as set out in this Prospectus;
- (e) economic participation: the distributable proceeds, income and profits earned by the Company from acquisition, holding, management, disposal or realisation of investments, and any surplus assets available for distribution to the holders of Participating Shares in the event of liquidation shall be divided among the Members in accordance with the order of priority set out in the Constitution; and
- (f) such other rights in accordance with the Constitution and as set out in this Prospectus. For the avoidance of doubt, where the Company comprises one or more Sub-Funds, each Sub-Fund shall issue Participating Shares that participate in the Sub-Fund Asset and Sub-Fund Liability of such Sub-Fund only, and the Participating Shares carry the rights described in sub-paragraphs (a) to (e) above for that Sub-Fund only.

1.3.2. Without prejudice to the powers conferred on the Board or onto the Manager by the Board, the holders of Management Shares and Participating Shares shall have the right to vote as a Member at any General Meeting of the Company on the following matters only and by Special Resolution:-

- (a) to remove the Manager;
- (b) to remove the Custodian;
- (c) to remove the Administrator;
- (d) to remove the Auditor; and

(e) to sanction such other matters as may be proposed by the Board,

provided that any such removal of the Manager, Custodian, Administrator or Auditor shall be subject to such prior notice period as may be required to be given by the Company under the respective agreements entered into between the Company and the Manager, Custodian, Administrator or Auditor.

1.3.3. Without prejudice to the powers conferred on the Board or onto the Manager by the Board, the holders of Management Shares and Participating Shares of a Sub-Fund or a Class (as the case may be) shall have the right to vote as a Member at a General Meeting of such Sub-Fund or Class (as the case may be) on the following matters and by Special Resolution:

- (a) to sanction any material alteration to the investment objective or strategy of the Sub-Fund;
- (b) to sanction any increase in the maximum permitted limit or any change in the structure of the fees paid by the Sub-Fund or Class (as the case may be) to any Service Provider; and
- (c) to sanction such other matters as may be proposed by the Board in relation to such Sub-Fund or Class (as the case may be).

2. Management and Administration

2.1 Directors of the Company

The Directors are responsible for the overall management and control of the Company and each Sub-Fund in accordance with the Constitution. In executing these responsibilities, the Directors are bound by the duties imposed by the Act as well as any other duties mandated by common law.

The Directors will review the operations and investment performance of the Company and each Sub-Fund at regular meetings. For this purpose, the Directors will receive periodic reports from the Manager detailing the performance of the Company and each Sub-Fund and providing analysis of each Sub-Fund's investment portfolio. The Manager will provide such other information as may from time to time be reasonably required by the Directors for the purpose of such meetings.

As at the date of this Prospectus, the Directors of the Company are:

(a) **Lim Pang Qi (Director)**

Pang Qi is the Chief Executive Officer (“**CEO**”) of HSBC Asset Management (Singapore) Limited (“**HSBC AM**”) and Head of Strategic Partnerships for South East Asia Based in Singapore. Pang Qi's role is that of country head representing HSBC AM across investment management and all business functions.

Pang Qi joined HSBC AM in November 2023 and leads the execution of the sales and distribution strategy for HSBC AM's Singapore and South East Asia markets.

Prior to HSBC AM, Pang Qi spent 12 years at Fidelity International, where he held senior regional roles across Business Development, Strategy and Distribution. Pang Qi spent his earlier years as a fund selector at Standard Chartered Bank, and as an investment associate within the discretionary portfolio management and research function at Fortis Private Banking.

Pang Qi received a Bachelor of Business Administration with Honours specialising in Finance from the National University of Singapore.

(b) **Ashmita Acharya (Director)**

Ashmita Acharya joined HSBC in January 2023 as Head of Wealth and Personal Banking, Singapore.

In her current role, Ashmita has oversight across retail and private banking, as well as asset management and insurance businesses in Singapore. In particular, Ashmita is responsible for the delivery of a market leading wealth management proposition, new mobile-first digital capabilities, and a comprehensive range of investment, insurance, payments and lending solutions that support consumer banking clients' growth and protection needs.

Prior to joining HSBC AM, Ashmita has built a 20-year long international banking career with Citibank. Her last held position was Head of Retail Banking, Singapore, where she was responsible for the wealth management and mortgage business growth in Singapore. Throughout her tenure with Citibank, Ashmita has covered wealth management sales, work place banking, client experience, marketing, consumer strategy, client segments, small business banking and product management in India, US and Asia across country, regional and global roles.

(c) **Quah Hui Lay Corina (Independent Director)**

Corina Quah has joined Solas Fiduciary Services Pte. Ltd. to serve as a fund director on the boards of various hedge funds, private equity and real estate funds, investment management companies and related structures. Prior to joining Solas, Corina has held several senior positions in the financial services industry in Singapore, specialising in fund administration and corporate trusts. With more than 20 years' experience, her previous roles were with Equinox Alternative Investments Services, Intertrust and Deutsche Bank AG. She also worked in similar roles at HSBC and was a manager of the REITS business at HSBC Institutional Trust Services Limited. Corina began her career as an accountant at The Financial Training Co (S) Pte. Ltd and she holds a Bachelor of Commerce, specializing in Accountancy and Marketing (Merit) from the University of Wollongong.

Corina is registered as a director with the Cayman Islands Monetary Authority (CIMA), pursuant to the Directors Registration and Licensing Law, 2014.

2.2 Manager

- 2.2.1 HSBC Global Asset Management (Singapore) Limited (Company Registration No. 198602036R), has been appointed as the manager to manage and invest the assets of the Company and each Sub-Fund of the Company (the "**Manager**"). The Manager's registered

address and business address is at 10 Marina Boulevard, #48-01, Marina Bay Financial Centre Tower 2, Singapore 018983. The Manager was incorporated in Singapore in 1986 and has over 35 years of experience in managing collective investment schemes and discretionary funds in Singapore. As of June 2024, the Manager had USD 10.8 billion worth of assets under management. The regulatory authority of the Manager is MAS.

2.2.2 General responsibilities of the Manager

The Manager has general powers of management over the assets of the Company and/or the Sub-Fund(s). Under the terms of the Management Agreement entered into between the Company and the Manager, the Manager will use its best endeavours to carry on and conduct its business in a proper and efficient manner and will ensure that each Sub-Fund is carried on and conducted in a proper and efficient manner.

Under the provisions of the Management Agreement, the Manager shall not be liable for any loss to the Company, howsoever arising, in the absence of negligence, wilful default or fraud.

The Manager may delegate any of its functions, powers and duties under the Management Agreement (including, without limitation, functions, powers and duties connected with the management of the Sub-Fund(s) and the exercise of discretion in relation to any investments) to any person subject to the terms of the Management Agreement and in compliance with applicable laws.

In addition, the Manager may under the Management Agreement appoint sub-managers or investment advisers in respect of any Sub-Fund to provide sub-management services or investment advice in relation to investments to be made by any Sub-Fund (as set out in paragraph 2.3 below).

The Company may terminate the Management Agreement:

- (a) if the Manager goes into liquidation (other than voluntary liquidation for the purpose of reconstruction or amalgamation upon terms notified in writing to the Company two (2) months before the effective date of the liquidation) or shall be adjudged a bankrupt or insolvent or appoints a liquidator or if a judicial manager or a receiver shall be appointed in respect of the property or undertaking of the Manager or any part thereof or the Manager is the subject of any analogous proceedings or procedure in each case under the laws of Singapore or such other law as may be applicable in the circumstances;
- (b) following a material breach of the Manager's obligations under the Management Agreement which, if the breach is capable of remedy, the Manager fails to remedy within 30 days of being specifically required in writing so to do by the Company, and the Company is of the opinion and so states in writing to the Manager that a change of Manager is desirable in the interests of Shareholders; or
- (c) if MAS directs the Company to remove the Manager.

The Management Agreement shall continue and remain in force unless and until terminated by either the Company or the Manager, as the case may be, by giving to the other party not less than 90 days' prior written notice. The Company may terminate the appointment of the Manager in accordance with the Management Agreement and these matters do not require and are not

subject to the approval of the holders of Participating Shares. Nonetheless, should the Directors fail to terminate the appointment of the Manager, the Company may still do so in accordance with the Management Agreement by way of the holders of Participating Shares requisitioning a general meeting of the Company and passing a Special Resolution in accordance with the Constitution and the Act.

2.2.3 It is also intended that the Manager shall have the power to retire in favour of some other person selected by the Manager and approved by the Company to be suitably qualified and eligible to be the manager of the Sub-Fund(s) and who is acceptable to MAS, by giving three (3) months' prior notice in writing to that effect to the Company.

2.2.4 Directors of the Manager

The directors of the Manager are:

(i) Daisy Ho - Chief Executive Officer, Asia-Pacific and Hong Kong, Head of Sales Asia-Pacific and Institutional, HSBC Asset Management

Daisy joined HSBC Asset Management in November 2021 as CEO, Asia-Pacific and Hong Kong. Based in Hong Kong, she is responsible for leading and growing the asset management business in Asia-Pacific with a focus on driving the business expansion agenda across core markets including Hong Kong, mainland China, India and ASEAN.

Daisy is also Head of Sales Asia-Pacific and Institutional with responsibilities to develop and execute the growth strategy of the company's Wholesale and Institutional businesses in Asia-Pacific including the retirement and pensions business. In this role, she also oversees the Global Capabilities of the Institutional business such as liquidity sales, global consultant relationships, institutional business sales support and client business management.

A seasoned professional and veteran in financial services, Daisy has over 20 years of experience in the asset management industry. Prior to joining HSBC Asset Management, she spent 16 years with Fidelity International assuming a number of senior management roles including President for China and Managing Director, Asia ex-Japan & Middle East. Before that, she held various senior positions in the wealth management and asset management divisions of JPMorgan, AXA and Hang Seng Bank.

Daisy holds a Bachelor's degree in Business Studies from The Hong Kong Polytechnic University and an Executive Master of Business Administration from The University of Western Ontario.

(ii) Lim Pang Qi

Pang Qi's profile is stated in paragraph 2.1(a) above.

(iii) Ashmita Acharya

Ashmita's profile is stated in paragraph 2.1(b) above.

2.2.5 Key executive of the Manager

The key executive of the Manager is Lim Pang Qi (whose description is set out in paragraph 2.1(a) above).

Please note that the track record of the Manager (including those of the directors and key executive of the Manager) is not indicative of future performance.

2.2.6 The Manager will remain as manager of the Sub-Fund(s) until it retires or is removed or replaced in accordance with the provisions of the Constitution or the Management Agreement.

2.3 **Sub-manager, investment advisers and key executives**

The Manager may appoint sub-managers and/or investment advisers (whether on a binding or non-binding basis) in respect of any Sub-Fund.

Details of such delegations and/or appointments (if any) and information on the key executives for the Sub-Fund(s) are set out in the relevant Appendix.

The appointment of a sub-manager or an investment adviser may be terminated by the Manager under the circumstances set out in the relevant sub-management agreement or investment advisory agreement (including any events of insolvency).

HSBC Singapore Dollar Liquidity Fund

Currently, the Manager has appointed HSBC Global Asset Management (Hong Kong) Limited as sub-manager (the "**Sub-Manager**") for the HSBC Singapore Dollar Liquidity Fund.

Further details of the Sub-Manager and its role may be found in Appendix 1.

Please note that the track record of the Sub-Manager, as stated in the relevant Appendix, is not indicative of future performance.

3. **The Custodian**

The Company has appointed State Street Trust (SG) Limited (Company Registration No. 201315491W) as custodian of the assets of the Sub-Fund(s) (the "**Custodian**"). The registered address of the Custodian is 168 Robinson Road, #33-01 Capital Tower, Singapore 068912. The Custodian provides custody services to the Company and the Sub-Fund(s) under the terms and conditions of the Custodian Agreement. The Custodian is an approved trustee under the SFA and is regulated in Singapore by MAS in the conduct of its custody business.

Under the Constitution and terms of the Custodian Agreement, the Custodian is responsible for the safekeeping of the assets of the Sub-Fund(s). Under the Code on Collective Investment Schemes issued by MAS (the "**Code**"), the Custodian shall take reasonable care to ensure that the investment and borrowing guidelines set out in the Code are complied with by the Company and the Manager.

The Custodian provides custodian services in over 100 markets by utilising its local market custody operations and through its network of sub-custodian banks. The Custodian will appoint sub-custodians in those markets where the Sub-Fund(s) invests where the Custodian does not itself act as the local custodian. The Custodian has processes for the initial selection, and ongoing monitoring of its sub-custodians, each of which is chosen based upon a range of factors including securities processing and local market expertise, and must satisfy specific operating requirements in terms of structure, communications, asset servicing and reporting capabilities. All sub-custodians appointed by the Custodian must be licensed and regulated under applicable law to provide custodian and related asset administration services, and carry out relevant related or ancillary financial activities, in the relevant market jurisdiction. The Custodian will typically seek to select local branches or affiliates of major global financial institutions that provide sub-custodian services in multiple markets, although unique market service requirements may result in the selection of an entity as sub-custodian that is more local in scope.

Selection Process

The selection process includes the following activities:-

- Identification of potential sub-custodian banks based on market research, outreach with market participants, and input from the Enterprise Risk Management (ERM) group
- Review of detailed information submitted by candidates describing their services and qualifications inclusive of the sub-custodian's Association for Financial Markets in Europe (AFME) questionnaire. Candidates must be able to meet the Custodian's operating requirements
- On-site reviews of the candidates
- Financial evaluations of the candidates by ERM

Selection Criteria

The sub-custodians are identified based on their ability to provide high-quality service, in addition to our internal assessment of their qualifications. The Custodian considers multiple criteria when assessing potential candidates for inclusion in its network:-

- Practices, procedures, and internal controls, including the method of keeping custodial records
- Security and data protection practices
- Financial strength
- Reputation and standing in the local market, as well as commitment to local market advocacy on behalf of investors
- Ability to influence and effectively manage market changes
- Use of technology and automation
- Ability to leverage efficiencies to enhance service offerings
- Qualifications and suitability in comparison to alternative service providers

Notwithstanding any delegation by the Custodian in accordance with the Custodian Agreement or the Code, the Custodian remains ultimately responsible and accountable for the safekeeping of the assets of the Company and Sub-Fund(s).

Pursuant to the Custodian Agreement, the Custodian will act as the custodian of the Sub-Fund

Assets, which will be held directly by the Custodian pursuant to the Custodian Agreement. The Custodian will remain as the custodian for the Sub-Fund(s) until the termination of its appointment in accordance with the provisions of the Custodian Agreement.

In the event that the Custodian becomes insolvent, the Company may terminate the Custodian Agreement entered into with the Custodian and appoint such other person as the new custodian to provide custodial services to the Company and the Sub-Fund(s).

4. Other Parties

4.1 The Auditors

The auditors of the accounts relating to the Company are KPMG LLP of 12 Marina View, #15-01 Asia Square Tower 2, Singapore 018961.

4.2 The Administrator

The Company has delegated certain administration and valuation functions, in respect of the Company and Sub-Fund(s), to State Street Bank and Trust Company (the "**Administrator**"), such as keeping of accounts and books of the Company, and the valuation of assets and Shares.

5. The Register of Shareholders

The registrar of the Company is the Administrator and the register of the Shareholders (the "**Register**") in respect of each Sub-Fund is kept and maintained at 168 Robinson Road #33-01, Capital Tower, Singapore 068912. Each Register is accessible to the Shareholders of the relevant Sub-Fund during normal business hours (subject to such reasonable restrictions as the registrar may impose).

The Register shows conclusively the number and details of the Shares of the relevant Sub-Fund each Shareholder holds. The entries in the Register will prevail over any discrepancy in the statement of holdings unless the Shareholder proves to the Company's satisfaction that the Register is incorrect.

6. Investment Objective, Focus and Approach

The investment objective of the Company is to comprise of one or more collective investment schemes, each with the aim of providing income, achieving capital appreciation or capital preservation, or maintaining liquidity, through investing in transferable securities, other collective investment schemes, financial derivative instruments and/or such other products or instruments as may be determined by the Manager in its sole discretion.

The investment objective, focus and approach of each Sub-Fund are set out in the relevant Appendix.

7. Central Provident Fund (CPF) Investment Scheme

The Sub-Fund is currently not included under the CPF Investment Scheme.

8. Fees and Charges

The fees and charges payable in relation to each Sub-Fund are set out in the relevant Appendix.

A Subscription Charge or Redemption Charge may be imposed when you subscribe for or realise Shares. The Subscription Charge and Redemption Charge (if any) are as set out in the relevant Appendix.

Some distributors may also charge other fees not listed in this Prospectus. You should check with the relevant distributor for details, as such fees may depend on the specific nature of the services provided by them.

The fees of any sub-manager and/or investment adviser (if any) will be paid by the Manager and not out of the relevant Sub-Fund.

9. Risks

9.1 General Risks

An investment in a collective investment scheme is intended to produce returns over the medium to long term. You should not expect to obtain short-term gains. The price and value of the Shares, and the income deriving or accruing from them, may fall or rise. You may lose your original investment and there is no assurance that the investment objective of any of the Sub-Funds will be met.

Before investing, you should consider the risks of investing in the relevant Sub-Fund and decide if the investment is suitable for you. Please note that the risks described below are not exhaustive. The Sub-Fund(s) may be exposed to some of the risks mentioned below and other risks of an exceptional nature from time to time.

As the degree to which these risks affect your investment depends on the relevant Sub-Fund's investment objectives, focus and approach, you should consider the risks specific to the relevant Sub-Fund as set out in the relevant Appendix.

- (a) Market risk. Investment in securities is subject to general market, political and economic conditions and the value of securities fluctuate in response to the activities and performance results of the issuers of such securities.

A Sub-Fund may be exposed to general trends and tendencies on the relevant markets in which the Sub-Fund may invest, especially the securities markets, which are based on manifold, sometimes irrational factors, and to the risks associated with economic development in such markets. There will always be some uncertainty in market conditions.

- (b) Liquidity risk. Under certain market conditions, it may be difficult or impossible to liquidate

or rebalance positions. For example, this may occur during sudden interest rate changes or during volatile markets or crisis situations or where trading under the rules of the relevant stock exchange is suspended, restricted or otherwise impaired. During such times, a Sub-Fund may be unable to dispose of certain assets due to thin trading or lack of a market or buyers. Placing a stop-loss order may not necessarily limit the Sub-Fund's losses to the amounts intended as market conditions may make it impossible to execute such an order at the ideal price. Such circumstances may force the disposal of the Sub-Fund's assets at reduced prices and the dumping of securities in the market could further deflate prices. Such assets may also be difficult to value with any degree of accuracy or certainty. If the Sub-Fund incurs substantial trading losses, the need for liquidity could rise sharply at the same time that access to liquidity is impaired. In a market downturn, a Sub-Fund's counterparties' financial conditions could be weakened, which increases the Sub-Fund's exposure to credit risk.

The Sub-Fund is not listed and its Shares can only be realised/redeemed on Dealing Days, subject to any suspension of dealing (i.e. there is no secondary market for the Sub-Fund).

- (c) Emerging markets risk. Securities in emerging markets and some Asian markets may be more volatile than securities of developed markets. This volatility may stem from political, economic, legal, trading liquidity, currency and interest rate factors. It is also possible that changes in government policies in these markets may affect the relevant Sub-Fund's ability to repatriate capital, income and proceeds. The securities may also be less liquid, which affects the ability to acquire or dispose of these securities at the desired price and time. The laws and regulatory framework of the countries of such markets may be less stringent and the disclosure, accounting, auditing and financial standards used in such markets may differ significantly from internationally recognised standards. As a result, information on the company's accounts of such securities may not be an accurate reflection of its financial position.
- (d) Risk of investing in unlisted securities. Unlisted securities may involve a high degree of business and financial risks as these securities are less liquid than listed securities. Further, the issuers of such securities may not be subject to the same disclosure and investor protection measures that are applicable to listed securities.
- (e) Prohibited securities risks. In accordance with the HSBC Group policy, the Fund and any of its Sub-Fund(s) will not invest in the securities of companies that are involved directly and indirectly in the use, development, manufacturing, stockpiling, transfer or trade of cluster munitions and/or anti-personnel mines. As this policy aims to prohibit investment in certain types of securities, investors should be aware that this reduces the investment universe and prevents the Fund and any of its Sub-Fund(s) from benefitting from any potential returns from these companies.
- (f) Currency and exchange rate risk. The assets and income of a Sub-Fund may be denominated in a number of different currencies other than the base currency of a Sub-Fund and will thus be subject to fluctuations in currency exchange rates and in certain cases, exchange control regulations. The Manager and sub-manager (if any) may at their discretion decide not to hedge or may fully or partially hedge the assets of the Sub-Fund back to the base currency of such Sub-Fund if this is deemed appropriate for the Sub-Fund. In such event, the Manager and sub-manager (if any) may make forecasts of

currency exchange rates under different scenarios based on an analysis of fundamental, technical and valuation factors that influence currency movements. These forecasts are compared with the costs of hedging. A Sub-Fund's currency exposures may be hedged when the expected impact of currency movements is, in the Manager's and sub-manager's (if any) reasonable opinion, adverse and more than outweighs the cost of hedging. In the event that any such currency exposure is hedged, a passive hedging strategy is usually adopted.

The prices of Shares may be quoted in a currency other than the base currency of a Sub-Fund. Changes in the exchange rate between the base currency and the quoted currency may lead to a depreciation of the value of such Shares as expressed in the quoted currency. Although the financial instrument used to mitigate the risk is not in relation to the other Classes of Shares (if any) within a Sub-Fund, the financial instrument will comprise the assets (or liabilities) of the Sub-Fund as a whole. The gains (or losses) on and the costs of the relevant financial instruments will however accrue solely to the relevant Class of Shares of the Sub-Fund. The hedging policy, if any, for each Sub-Fund is set out in the relevant Appendix.

- (g) Risks of investing in equity securities. Equity securities represent ownership interests in a company or corporation, and include common stock, preferred stock and warrants and other rights to acquire such instruments. Investments in equity securities in general are subject to a number of factors which may include political, geographic or economic events that may cause their prices to fluctuate over time.
- (h) Interest Rate Risk. A Sub-Fund that invests in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes.
- (i) Credit risk. A Sub-Fund which invests in bonds and other fixed income securities is subject to the risk that issuers may not make payments on such securities. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Sub-Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.
- (j) Tax and regulatory risk. The Sub-Fund may be subject to tax exposure on its underlying investments, whether in Singapore or elsewhere. This includes all present and future taxes, levies, imposts, duties, charges, assessments, fees of any nature, withholdings or liabilities wherever chargeable, stamp, registration, documentation or similar tax and any related surcharge, interest, charges or costs, including any tax on net income or net wealth imposed by any government or other taxing authority. Such tax exposure will be borne by the Sub-Fund and may impact the Sub-Fund's value.

The Sub-Fund's investments are also subject to regulatory risks, whether in Singapore or elsewhere, for example, the introduction of new laws, the imposition of exchange controls, the adoption of restrictive provisions by individual companies or where a limit on the holding of the Sub-Fund in a particular company, sector or country by non-residents (individually or collectively) has been reached.

Specifically, the income and gains derived from the Sub-Fund's investments may be considered income accruing in or derived from Singapore and be subject to Singapore income tax, unless exempted from tax pursuant to a relevant Singapore tax exemption Scheme (e.g. the Section 13U Tax Incentive Scheme, as defined below in the section entitled "**Taxation**"). The Section 13U Tax Incentive Scheme is subject to prescribed qualifying conditions. The Manager endeavours to conduct the affairs of the Sub-Fund such that the Sub-Fund will satisfy the prescribed conditions under the Section 13U Tax Incentive Scheme. There is, however, no assurance that the Manager will be able, on an ongoing basis, to ensure that the Sub-Fund will always meet those prescribed conditions. Upon any such disqualification, the Sub-Fund may be exposed to Singapore tax on its income and gains, wholly or partially as the case may be, at the prevailing corporate tax rate, which would reduce net proceeds.

- (k) Risks relating to brokers. The Sub-Fund may engage the services of brokers to acquire or dispose its investments and to clear and settle their exchange traded securities trades. It is possible that such brokers may encounter financial difficulties that could impair the operational capabilities of the Sub-Fund. If a broker was to fail or become insolvent, there is a risk that the orders of a Sub-Fund may not be transmitted or executed and the outstanding trades made through the broker may not settle. Please refer to sub-paragraph (l) and paragraph 9.4 of this Prospectus on the counterparty risk involved and for the description on the risk management process relating to the use of brokers and counterparties.

- (l) Counterparty and settlement risks. The Sub-Fund is exposed to counterparty risk. Counterparty risk is generally the risk that a counterparty may, for financial or other reasons, be unable to act in accordance with the terms and conditions of the contract and defaults. The result is a financial loss for the other party as it has to enter into substitute transactions at less favourable prices. This risk may be directly due to the creditworthiness of the counterparty or indirectly to the domicile of the counterparty (i.e. country risk). Counterparty risk may arise at any time and is basically independent of market activity and developments. A counterparty defaults if, for example, it files a petition in bankruptcy, becomes insolvent or has a moratorium imposed on it. Counterparty defaults may turn a closed hedge position into an open position that can only be closed again on less favourable terms. The potential loss if a counterparty defaults is therefore the cost of providing substitute cover (replacement cost). Counterparty risk may therefore be called replacement risk or substitution risk.

Settlement risk occurs when a transaction is not completed as duly agreed between the parties. This may be due to an error or omission in the necessary settlement, clearing or registration processes or due to the lack of creditworthiness of one of the parties to the transaction.

- (m) Credit rating risks. Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times. The credit ratings assigned by credit rating agencies are a generally accepted barometer of credit risk of a fixed income security. They are, however, subject to certain limitations. For example, the rating of an issuer is heavily weighted by past developments and does not necessarily reflect probable future conditions. There is often a time lag in updating the credit ratings in response to recent credit events.

- (n) Risks relating to pricing information and valuation. The Sub-Fund, the Manager, the sub-manager and the investment adviser (if any) are entitled to rely, without independent investigation, upon pricing information and valuations furnished by third parties, including pricing services and independent brokers/dealers. The accuracy of such information and valuation depends on these parties' methodology, due diligence and timely response to changing conditions. The Sub-Fund, the Manager, the sub-manager and the investment adviser (if any) cannot be held responsible for any failures by such parties in their valuations.
- (o) Political and/or regulatory risks. The value of the assets of a Sub-Fund may be adversely affected by uncertainties such as international political and economic developments and changes in market conditions, government policies and in legal, regulatory and tax requirement.
- (p) Concentration risk. A Sub-Fund may concentrate its investments in a particular industry or group of industries, or have significant exposure to one or more sectors. In such event, the Sub-Fund's performance will be particularly susceptible to adverse events impacting such industry or sector, which may include, but are not limited to, the following: general economic conditions or cyclical market patterns that could negatively affect supply and demand; competition for resources; adverse labour relations; political or world events; obsolescence of technologies; and increased competition or new product introductions that may affect the profitability or viability of companies in a particular industry or sector. As a result, the value of the Sub-Fund's investments may rise and fall more than the value of shares of a fund that invests in securities of companies in a broader range of industries or sectors.
- (q) Operational risk. The Sub-Fund may be exposed to operational risk, which is the potential for failure (including the legal component) in relation to employees, contractual specifications and documentation, technology, infrastructure failure and disasters, external influences and customer relationships. This excludes business, strategic and reputational risk.
- (r) Legal risk and enforceability of contracts. The Sub-Fund may be exposed to legal risk, which is the risk that a transaction cannot be executed due to legal reasons. The enforceability of contracts may be endangered by a counterparty having no authority to transact, errors in contracts, incomplete documentation of transactions and/or legal peculiarities in the country in which the counterparty is domiciled. It may not be possible to execute a particular transaction because, for example, the obligations entered into by the contracting parties are not generally enforceable. A transaction may be non-executable against a counterparty if that counterparty did not have authority to conclude the transaction or if the approval required for effectively carrying out the transaction had not been granted. If a transaction is inadequately documented, it may be impossible to prove a disputed claim to the satisfaction of a court of law.
- (s) Risks relating to unforeseeable events. The Sub-Fund and its investments may be adversely affected by events outside of the Manager's control or expectation. Examples include war, acts of terrorism, civil disorder or unrest, subversive activities or sabotage, catastrophes, epidemics, pandemics (like the Coronavirus outbreak), quarantine or travel restrictions, closing of international borders, recessions and other acts of God. Such

events can occur at any time and their impact is highly unpredictable. Their effects can spread globally and can last for a significant period of time. They could lead to disruption or closure of markets, suspension of trading, increased illiquidity and market volatility, difficulties in conducting fair valuation of assets, impairment of any hedging activities, default of counterparties, or operational inefficiencies of service providers. They can have significant economic and labour impact, can lead to changes in fiscal, monetary or exchange control policies, and can exacerbate other pre-existing political, social and economic risks.

- (t) Custody risk. There are risks involved in dealing with custodians or sub-custodians who hold assets of the Company and the Sub-Fund(s) and who settle the Company's and the Sub-Fund(s)' trades. Securities and other assets deposited with custodians or sub-custodians may not be clearly identified as being assets of the Company and the Sub-Fund(s), and hence the Company and the Sub-Fund(s) may be exposed to a credit risk with regard to such parties. In some jurisdictions, the Company and the Sub-Fund(s) may only be an unsecured creditor of its custodian or sub-custodian in the event of bankruptcy or administration of such party. Further, there may be practical or time problems associated with enforcing the Company's and the Sub-Fund(s)' rights to its assets in the event of the insolvency of any such party (including agents appointed by the custodian in jurisdictions where sub-custodians are not available).
- (u) Single country risk. Where a Sub-Fund invests in a single or a few select countries, it will be exposed to fluctuations in the economies of these countries, and the market, currency, political, social environment and other risks related specifically to these countries, which may affect the market price of its investments in these countries. Exposure to a single or limited number of countries also increases the potential volatility of the Sub-Fund(s) due to the increased concentration risk as they are less diversified compared to exposure to specific regional or global markets.
- (v) Risks associated with investments in countries outside Singapore.
 - (i) Political risks

Countries outside Singapore may be subject to higher than usual risks of political changes, government regulations, social instability or diplomatic developments (including war) which could adversely affect the economies of the relevant countries and thus the value of investments in those countries. There is also the risk that nationalisation or other similar action could lead to confiscation of assets under which shareholders in those companies would get little or no compensation.
 - (ii) Repatriation risks

Investments could be adversely affected by delays in, or refusal to grant, relevant approvals for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. Consents granted prior to investment being made in any particular country may be varied or revoked, and new restrictions may be imposed.
- (w) Reverse repurchase agreements risk. In the event of a bankruptcy or other default of a seller of a reverse repurchase agreement, the Company could experience both delays in

liquidating the underlying securities and losses, including a possible decline in the value of the underlying securities during the period when the Company seeks to enforce its rights, reduced levels of income and lack of access to income during this period and will incur expenses in enforcing its rights.

- (x) External Data Provider Risk. To meet the stated investment objectives, the Company and/or Manager may rely on financial, economic and other data made available by companies, index providers, governmental agencies, rating agencies, exchanges, professional services firms, central banks or other third party providers (the “**external data providers**”). This data can have a material effect on the investment positions taken on behalf of Sub-Funds. However, the Company and/or Manager do not generally have the ability to independently verify any such financial, economic and other data and are therefore dependent on the integrity of both the external data providers and the processes by which any such data is generated. The Sub-Funds could incur unexpected costs as a result of external data provider failures of, or substantial inaccuracy in, the generation of such data. The Company and/or Manager, acting in good faith, will not be held liable for any losses incurred by the Sub-Funds as a result such failures and inaccuracies.
- (y) Sovereign Risk. Certain developing countries and certain developed countries are especially large debtors to commercial banks and foreign governments. Investment in debt obligations (“**Sovereign Debt**”) issued or guaranteed by governments or their agencies (“**governmental entities**”) of such countries involves a high degree of risk. In certain countries, governmental entities, for the purpose of risks related to Sovereign Debt may additionally include local, regional, provincial, state, or municipal governments and government entities that issue debt obligations.

The governmental entity that controls the repayment of Sovereign Debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A governmental entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity's policy towards the International Monetary Fund and the social and political constraints to which a governmental entity may be subject. A Sub-Fund may suffer significant losses when there is a default of Sovereign Debt issuers.

Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearage on their debt. The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on a governmental entity's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the governmental entity, which may further impair such debtor's ability or willingness to service its debt on a timely basis. Consequently, governmental entities may default on their Sovereign Debt. Holders of Sovereign Debt, including a Sub-Fund, may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities. There is no bankruptcy proceeding by which Sovereign Debt on which a governmental entity has defaulted may be collected in whole or in part.

- (z) Risks Associated with Government or Central Banks' Intervention. Changes in regulation or government policy leading to intervention in the currency and interest rate markets (e.g. restrictions on capital movements or changes to the way in which a national currency is supported such as currency de-pegging) may adversely affect some financial instruments and the performance of the Sub-Funds of the Company.
- (aa) Corporate Actions. Investors should note that as a result of corporate actions relating to a company in which a Sub-Fund is invested, a Sub-Fund may be required or have the option to accept cash, underlying or newly issued securities which may not be part of its core investment universe as described in its investment objective (such as, but not limited to, equities for a bond Sub-Fund). Those securities may have a value less than the original investment made by the Sub-Fund. Under such circumstances, the relevant security may not be expressly covered by the relevant Sub-Fund's investment policy and the returns generated from the investment may not adequately compensate the Sub-Fund for the risks assumed.

9.2 Investment in financial derivatives

Unless otherwise specified in the relevant Appendix, financial derivatives may be used for the purposes of optimising returns, hedging existing positions of a Sub-Fund and/or for efficient portfolio management in accordance with the provisions in the Code. The Manager and the sub-manager (if any) may use financial derivatives to a limited degree and only where the relevant investment guidelines permit. The types of financial derivatives used may include currency forwards, currency options, bond futures, warrants, swaps, options and other instruments.

The use of financial derivatives may entail greater risks than direct investment in the underlying assets. Descriptions of the risk factors and relevant risk management process that commensurate with the use of financial derivatives for the Sub-Funds are detailed below. Further details on the use of financial derivatives, the types of financial derivatives and the risks associated with the financial derivatives are set out in the relevant Appendix.

(a) Market risk

The Net Asset Value of a Sub-Fund will change with the market value of the investments it holds. Investors in the Sub-Fund are exposed to the same risks that investors who invest directly in the underlying investments would face. These risks include, *inter alia*, interest rate risk, credit (risk of a default by the underlying issuer of a security) and currency risks:-

- Interest rate risk results from changes in the yield curve, from changes in interest rate volatility and from the passage of time.
- An investment in fixed income instruments is subject to the credit risk of the issuers, which may be unable or unwilling to make timely payments of principal and/or interest.
- Currency risk includes the pure price risk for open positions and the swap rate risk that is also incurred on closed positions if the maturities of the obligations to make and take delivery provided for under the transaction and the counter-transaction do not match. The currency risk is influenced by the volatility of exchange rates and by the interest rates and yield curves in the different currencies.

(b) Liquidity risk

Liquidity risk is the risk that positions cannot be liquidated or closed at a fair market price. Possible reasons for this may be that a corresponding counterparty cannot be found, the number of market participants is too small or the volume traded is insufficient or, quite generally, that market disruptions have occurred. The risk of failing to find a counterparty at the desired time applies particularly to "over-the-counter" ("**OTC**") transactions. OTC transactions are geared to the individual requirements of two (2) contracting parties. This tailor-made type of contract may result in the tradability of the instruments on the secondary market being severely restricted, so that it may not be possible to close OTC financial derivatives or to sell them to other market participants. A counterparty with exactly the same interests as those catered to in the contract negotiated has to be found. It is more difficult to find a new counterparty to a contract that is tailor-made to the requirements of the original counterparty. The transferability of financial derivatives to third parties is usually subject to the consent of the counterparty.

(c) Counterparty risk

With financial derivative transactions, the size of the counterparty risk exposure cannot be assessed on the nominal amount. While the amount at risk may be well below the nominal amount, it may also be well above it. OTC business is particularly affected by counterparty risk as contracts are concluded bilaterally between two parties without involving a clearing house. The creditworthiness of the counterparty may change very quickly during the term of the contract. Counterparty risk may be reduced by carefully and consistently monitoring the creditworthiness of the counterparty.

(d) Settlement risk

Settlement risk results from the fact that today's settlement systems do not guarantee simultaneous performance and counter-performance. Performance of mutual obligations may also be carried out through third party intermediaries who deal with the settlement. Depending on market practice, settlement may take place two (2) or more days after the transaction. There is the danger that both parties duly perform their side of the contract but do not receive the promised counter-performance or receive it late because of a default by a third party involved in the settlement, e.g. default of the bank involved in the payment process. There is also the danger that only one party duly performs its side of the contract but, for system reasons or due to the involvement of a third party intermediary, it cannot determine if the other party has performed or performed on time. These dangers may give rise to liquidity problems or replacement costs. A delayed performance may mean that monies cannot be drawn on and invested on time and this could, for example, result in a loss of interest on the financing side. Non-performance (i.e. counterparty default) could mean that the failed transaction will have to be replaced. The losses may have to be borne by one or more of the parties involved.

(e) Legal risk

Legal risk increases if OTC transactions are not documented under recognised master agreements, as this increases the risk of questions arising in connection with the transaction. If OTC transactions are concluded under a master agreement with a netting agreement, there is the risk that the netting agreement may not be enforceable if the contracting party becomes insolvent, giving the insolvency administrator a right to choose alternative netting arrangements.

If financial derivative transactions are concluded internationally, the question of which legal regime to apply in deciding a particular legal issue may arise. Assessing a legal question under a foreign legal regime may pose problems. Additional risk may also arise if legal action has to be taken. Legal questions relating to financial derivatives often cover new and untested legal issues.

9.3 Exposure to financial derivatives

The global exposure of each Sub-Fund to financial derivatives or embedded financial derivatives (if any) will not exceed 100% of the Net Asset Value of the Sub-Fund at all times. The Manager and the sub-manager (if any) will apply a commitment approach to determine the Sub-Fund's global exposure to financial derivatives by converting the positions in the financial derivatives into equivalent positions in the underlying assets embedded in those financial derivatives and will calculate such exposures in accordance with Appendix 1 of the Code.

The Manager and the sub-manager (if any) will ensure that the risk management and compliance procedures and controls adopted are adequate and have been or will be implemented and that the Manager and the sub-manager (if any) have the necessary expertise to control and manage the risks relating to the use of financial derivatives. The Manager and the sub-manager (if any) may modify the risk management and compliance procedures and controls as the Manager or the sub-manager (if any) deems fit and in the interests of the Sub-Fund.

9.4 Procedure for Counterparty Approval

Systematic procedures are in place to select and approve counterparties, and to monitor the exposure to various counterparties.

9.5 Cross Liability Risk

The assets and liabilities of each Sub-Fund under the Company will be tracked, for book keeping purposes, separately from the assets and liabilities of any other Sub-Fund(s). The Constitution provides that the assets of each Sub-Fund should be segregated from each other and that transactions relating to each Sub-Fund shall be separately recorded. Any asset derived from any Sub-Fund Asset shall be applied in the books and records of the Company to the same Sub-Fund as the asset from which it was derived and any increase or diminution in the value of such asset shall be applied to such Sub-Fund, and each Sub-Fund shall be charged with the liabilities, expenses, costs and charges of the Company in respect of or attributable to the Sub-Fund. While section 29 of the Act provides that the assets of a sub-fund cannot be used to discharge the liabilities of any sub-fund or the umbrella variable capital company itself and that any liability of a sub-fund must be discharged solely out of the assets of the sub-fund including in its winding up, there is no guarantee that the courts of any jurisdiction outside Singapore will respect the limitations on liability and that the assets of any particular Sub-Fund will not be used to satisfy the liabilities of any other Sub-Fund.

9.6 Conflicts of Interest Risk

The Directors, the Administrator, the Custodian, the Manager and other Service Providers or their respective agents, delegates or associated parties may face potential conflicts of interest in the course of discharging their duties owed to the Company and each Sub-Fund.

For instance, certain Directors of the Company may also serve as directors and executives of the Manager or the Manager's related corporations. In addition, only the holder of the Management Shares may vote on the appointment and removal of the Directors in accordance with the Constitution while the Directors may terminate the appointment of the Manager in accordance with the Management Agreement. These matters do not require and are not subject to the approval of holders of Participating Shares.

In dealing with any potential conflicts of interest, the Directors shall act in the best interest of the Company and each Sub-Fund as a whole, pursuant to their duties imposed by the Act as well as any other duties mandated by common law. Further, the Company will have at least one independent Director. Additionally, the Manager is required to act in the best interest of Shareholders pursuant to the Code.

Further details on the steps taken to mitigate any potential conflict of interests are set out in paragraph 19 of this Prospectus.

9.7 Corporate Structure Risk

The holders of Participating Shares of each Sub-Fund have limited voting rights. Under the Constitution, voting arrangements will differ depending on the specific matter in question. Further information on the voting rights afforded to each holder of Participating Shares can be found in paragraph 1.3 of this Prospectus.

9.8 The Sub-Fund(s) is not a typical unit trust

The Company is a variable capital company constituted under the Act and is not structured as an umbrella unit trust. In the typical umbrella unit trust structure, a trustee is appointed to safeguard the rights and interests of the holders of the unit trust. This is not present in the Company and the Sub-Fund(s). Instead, the Company has appointed Directors who are obliged to act in the best interest of the Company and each Sub-Fund, pursuant to their duties imposed by the Act as well as any other duties mandated by common law, and are responsible for the overall management and control of the Company and each Sub-Fund. As a variable capital company, the Company is also regulated by the Act, which is administered by the Accounting and Corporate Regulatory Authority (ACRA).

The above is not an exhaustive list of the risks which you should consider before investing in a Sub-Fund. You should be aware that an investment in a Sub-Fund may be exposed to other risks of an exceptional nature from time to time.

10. Subscription of Shares

Conditions of Initial Offer

The offer and issue of Shares of a Sub-Fund during the initial offer period (the "**Initial Offer Period**") is subject to and conditional upon valid subscription applications accepted by the Company for a minimum value by the close of the Initial Offer Period as set out in the relevant Appendix of this Prospectus.

You will be informed if the above condition is not fulfilled. The subscription amount (including any brokerage fees and charges) will be returned to you (without interest). You should consult the Company or its authorised distributors on the procedure for such refund.

10.1 Subscription procedure

To subscribe for Shares, you must submit a completed application form to the Manager or the authorised distributors of the Company.

For the HSBC Singapore Dollar Liquidity Fund, you may pay for Shares with cash only.

The Company has the absolute discretion to reject, in whole or in part, any application for Shares without providing any reason.

10.2 Minimum Subscription Amount

The Minimum Subscription Amount for each Class of a Sub-Fund is set out in the relevant Appendix.

10.3 Pricing and Dealing Deadline

Shares of the HSBC Singapore Dollar Liquidity Fund are issued on a historical pricing basis and the Subscription Price shall be ascertainable at the time of application.

The Subscription Price per Share during the Initial Offer Period is set out in the relevant Appendix.

Initial Offer Period and Initial Offer Price

During the Initial Offer Period for the HSBC Singapore Dollar Liquidity Fund, your subscription application must reach the Administrator by 10:30 a.m. and the subscription monies for your subscription application must be received on or before 2:00 p.m. on the last day of the Initial Offer Period, or by such later time and date as the Company shall determine.

The total amount paid by you for the subscription of Shares (the “**Gross Investment Amount**”), less any applicable Subscription Charge (if any), is divided by the Initial Offer Price to determine the number of Shares issued to you. The Initial Offer Price of the Shares for each Sub-Fund or Class is set out in the relevant Appendix of this Prospectus.

Subscriptions after the Initial Offer Period

After the Initial Offer Period, requests for subscription of Shares must reach the Administrator on or before the Dealing Deadline for the Dealing Day. If the request for subscription of Shares is received and accepted by the Administrator after the Dealing Deadline, it shall be deemed to be received and accepted by the Administrator on or before the Dealing Deadline for the next Dealing Day.

The Gross Investment Amount, less any applicable Subscription Charge (if any), is divided by the Subscription Price to determine the number of Shares issued to you. The Subscription Price of the Shares of the relevant Class shall be ascertained as follows:

- (a) by dividing the Value of the Sub-Fund Assets attributable to such Class as at the Valuation Point of the relevant Dealing Day on which applications for Shares are received and accepted by the Company by the number of Shares then in issue and deemed to be in issue; and
- (b) by rounding the resulting total per Share to the nearest four (4) decimal places (or such other number of decimal places or such other method of rounding as the Company may from time to time determine). The current rounding method is half-adjusted (i.e. if the price is 1.25624, it should be rounded to 1.2562; if the price is 1.25625, it should be rounded to 1.2563). Surplus of any rounding of the prices arising from subscription will be retained by the relevant Sub-Fund or Class.

The Company may add to the Subscription Price calculated (but not include within it) such sum (if any) as the Company may consider represents the appropriate provision for Duties and Charges, which shall be for the account of the Sub-Fund(s). The Subscription Price shall be calculated in the base currency of the Sub-Fund.

You should note that appointed distributors (if any) may impose an earlier deadline for the receipt of subscription requests from investors. You should confirm the applicable deadline with the relevant appointed distributor.

10.4 Numerical example of the calculation of Shares allotted

The following is a hypothetical illustration of the number of Shares that will be allotted with a gross investment amount of S\$1,000.00, at a notional Subscription Price of S\$1.0000 and a Subscription Charge of 0%:

S\$1,000.00	-	S\$0.00	=	S\$1,000.00
Gross investment amount		Subscription Charge (0%)		Net investment amount
S\$1,000.00	÷	S\$1.0000	=	1,000.0000
Net investment amount		Subscription Price		Number of Shares allotted

The above example is only an illustration and the actual Subscription Price will fluctuate according to the then prevailing Net Asset Value per Share of the relevant Sub-Fund or Class (as the case may be).

Unless otherwise determined by the Company, fractions of a Share rounded to the nearest four (4) decimal places may be issued. Subscription monies representing a smaller fraction of a Share will be retained for the benefit of the relevant Sub-Fund.

10.5 Confirmation of subscription

If the subscription monies received from you during the Initial Offer Period are insufficient to buy at least the Minimum Subscription Amount in a Sub-Fund and to pay all fees and charges in

connection with the subscription, the application will be rejected and the Company will refund all the subscription monies (less all fees in connection with the subscription) paid by you (without interest) by no later than three (3) Business Days after the close of the Initial Offer Period of the relevant Sub-Fund.

Applications for subscription of Shares will only be accepted and processed if the application monies (including any Duties and Charges) in respect of that application have been received by no later than 2:00 p.m. on the relevant Dealing Day, or such other time on the relevant Dealing Day as may be determined by the Company.

If the above is not satisfied, the application for subscription of Shares will be cancelled.

A confirmation note detailing your investment amount and the number of Shares allotted will be sent to you within seven (7) Business Days from the date of issue of Shares.

11. Regular Savings Plan

The Company does not currently offer a regular savings plan for subscription of Shares. The appointed distributors may, at their own discretion, offer regular savings plans in relation to offers of the Sub-Funds in Singapore. Information on such regular savings plans, such as minimum periodic contribution, timing of the investment deduction and Shares allotment, fees and termination of such regular savings plan, may be obtained from the relevant appointed distributor.

An investor may at any time cease his participation in a regular savings plan (if any) in respect of a Sub-Fund or Class without penalty by giving written notice to the relevant appointed distributor of not less than such period of notice as may from time to time be required by the relevant appointed distributor provided that the requisite notice period is not longer than the period between that investor's periodic contributions or such other period specified under applicable Singapore laws.

12. Cancellation of Subscriptions by Investors

12.1 Rights of cancellation and cancellation period

You have the right to cancel your subscription of Shares within seven (7) calendar days (or such period permitted by MAS) from the Dealing Day on which the initial subscription was made (the "**Cancellation Period**"). This right of cancellation is available to first time investors and is not available to:

- (a) an investor who is not an individual; or
- (b) an existing Shareholder who subsequently subscribes for Shares in the Sub-Fund after the Cancellation Period; or
- (c) a participant in the RSP making a second or subsequent payment.

If the last day of the Cancellation Period falls on a Sunday or a public holiday in Singapore, the Cancellation Period will be extended to the next calendar day that is not a Sunday or a public

holiday.

If you request to cancel your subscription for Shares in a Sub-Fund, you are deemed to cancel the entire subscription of Shares in that Sub-Fund and the Company is not obliged to cancel part only of your subscription of Shares in that Sub-Fund unless required to do so by any applicable law or regulation. Any such partial cancellation is subject to you maintaining the relevant minimum holding required as set out in the relevant Appendix of this Prospectus.

12.2 Procedure for cancellation

Cancellation requests must be in writing and may be made on the cancellation form attached to the application form. A cancellation request must be submitted to the Company or its authorised distributors within the Cancellation Period (which is determined by the postmark for submissions made by ordinary post).

If you are not using the cancellation form, please ensure that you provide all of the following information on your written cancellation request:

- (a) your name, NRIC or passport number, address and telephone number, as supplied in the application form;
- (b) the application form number (if any) and date;
- (c) the total number of Shares subscribed for under the application form; and
- (d) how the Shares were subscribed for (i.e. by cash).

The Company may in its sole discretion, reject cancellation requests with insufficient or incomplete details.

A cancellation request must be received and accepted by the Company by the Dealing Deadline on the last day of the Cancellation Period in order to be treated as received within the Cancellation Period. A cancellation request received after such Dealing Deadline will be treated as received after the Cancellation Period.

You are to comply with any additional terms and conditions prescribed by the Company's authorised distributors relating to the cancellation of Shares stated in their relevant application and cancellation forms.

12.3 Cancellation proceeds

The cancellation proceeds payable to you will be calculated as follows:

- (a) for cancellation requests received during the Initial Offer Period, at an amount equal to the Gross Investment Amount;
- (b) for cancellation requests received after the Initial Offer Period, the lower of:
 - (i) the aggregate of the value of the Shares on the relevant Dealing Day based on the Redemption Price on such Dealing Day and the Subscription Charge paid (if

any) for such Shares (the “**Market Price**”); or

(ii) the Gross Investment Amount.

If the Market Price is greater than the Gross Investment Amount, the difference will be retained by the Sub-Fund and will not be paid to you. If the Market Price is lower than the Gross Investment Amount, you will be paid the Market Price only. You may therefore not get back your original investment.

The Company or its authorised distributors may deduct an administration fee from the cancellation proceeds for expenses reasonably related to the subscription and cancellation.

12.4 Payment of cancellation proceeds

For subscriptions using cash, cancellation proceeds will be paid within seven (7) Business Days (or such longer period permitted by MAS) of the Company’s receipt and acceptance of the cancellation request unless the cancellation of Shares has been suspended in accordance with paragraph 12.5 of this Prospectus.

12.5 Suspension of cancellation

We have the right to suspend the cancellation of Shares during any period when the issue, redemption or valuation of Shares is suspended in accordance with paragraph 16 of this Prospectus.

12.6 Redemption and the exchange or switching of Shares

Subject to paragraph 13 of this Prospectus, you may choose to realise your Shares instead of cancelling them. However, you will not be entitled to any benefits that may apply to the cancellation of Shares (i.e. there will be no refund of the Subscription Charge and the applicable Redemption Charge (if any) may be levied). The redemption proceeds may be lower than the cancellation proceeds if any appreciation in the value of the Shares is less than the Subscription Charge and/or the Redemption Charge (if any).

No exchange or switching of Shares is allowed during the Cancellation Period.

13. Redemption of Shares

13.1 Redemption procedure

You may realise your Shares by submitting a duly signed redemption request (or such other form as the Company may approve from time to time) to the Company or its authorised distributors. You may only realise your Shares after full payment has been received for such Shares.

During the Initial Offer Period, no redemption of Shares will be permitted.

13.2 Minimum holding and Minimum Redemption Amount

You may realise your holding of Shares in full or partially. If you realise part of your holding, you

must meet the Minimum Redemption Amount and maintain a minimum holding in the relevant Sub-Fund as stated in the relevant Appendix. The Company may vary the minimum holding amount, either generally or in any particular case, and may from time to time, determine the minimum number of Shares to be realised.

13.3 Pricing and dealing deadline

Shares of the HSBC Singapore Dollar Liquidity Fund are realised on a historical pricing basis and the Redemption Price shall be ascertainable at the time of redemption.

The net redemption proceeds are calculated by multiplying the number of Shares to be realised by the Redemption Price of the Shares of a Class on the relevant Dealing Day which shall be ascertained as follows:

- (i) by dividing the Value of a Sub-Fund Asset attributable to such Class at the Valuation Point of the relevant Dealing Day on which applications to redeem Shares are received and accepted by the Company by the number of Shares then in issue and deemed to be in issue; and
- (ii) by rounding the resulting total per Share to the nearest four (4) decimal places (or such other number of decimal places or such other method of rounding as the Company may from time to time determine). The current rounding method is half-adjusted (i.e. if the price is 1.25624, it should be rounded to 1.2562; if the price is 1.25625, it should be rounded to 1.2563). Surplus of any rounding of the prices arising from redemption will be retained by the relevant Sub-Fund or Class.

The Company may deduct from the redemption proceeds such sum (if any) as the Company may consider represents the appropriate provision for Duties and Charges and/or Liquidity Fee (described under paragraph 23.10 below), which shall be for the account of a Sub-Fund. The Redemption Price shall be calculated in the base currency of the Sub-Fund.

Applications to redeem Shares must reach the Administrator on or before the Dealing Deadline on the Dealing Day. If the request to redeem Shares is received and accepted by the Administrator after the Dealing Deadline, it shall be deemed to be received and accepted by the Administrator on or before the Dealing Deadline for the next Dealing Day.

You should note that appointed distributors (if any) may impose an earlier deadline for the receipt of redemption requests from you. You should confirm the applicable deadline with the relevant appointed distributor.

13.4 Numerical example of the calculation of redemption proceeds

The following is a hypothetical illustration of the net redemption proceeds payable on a redemption of 1,000.00 Shares, at a notional Redemption Price of S\$0.9000, a Redemption Charge of 0% and with no Liquidity Fee charged:

1,000.0000 Shares	x	S\$0.9000	=	S\$900.00
Your redemption request		Redemption Price		Gross redemption proceeds
S\$900.00	-	S\$0.00	=	S\$900.00

Gross redemption proceeds	Redemption Charge (0%)	Net redemption proceeds
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The above example is only an illustration and actual Redemption Price per Share will fluctuate according to the then prevailing Net Asset Value per Share of the relevant Sub-Fund or Class (as the case may be).

13.5 Payment of redemption proceeds

Redemption proceeds will be paid within seven (7) Business Days (or such longer period permitted by MAS) of the Company's receipt and acceptance of the redemption request unless the redemption of Shares has been suspended in accordance with paragraph 16 of this Prospectus.

13.6 Limits on redemption

The Company has the discretion to limit the total number of Shares to be realised or cancelled on any Dealing Day to 10% of the Net Asset Value of the relevant Sub-Fund. Such limitation will be applied pro rata to all Shareholders of that Sub-Fund. Any Shares not realised or cancelled will be realised or cancelled on the next Dealing Day, subject to the same limitation.

13.7 Compulsory redemption

13.7.1. The Company may at any time compulsorily redeem any holdings of Shares in a Sub-Fund or Class held by:

- (a) any Shareholder:
 - (i) whose subscription for or holding of Shares, in the opinion of the Company, is or may be in breach of any applicable law or regulation in any jurisdiction; or
 - (ii) where such redemption is, in the opinion of the Company, necessary or desirable for the compliance by the Company or the Sub-Fund with any applicable law or regulation in any jurisdiction (including any regulatory exemption conditions); or
- (b) any Shareholder whose holdings of Shares, in the opinion of the Company:
 - (i) may cause a Sub-Fund to lose its authorised or registered status with any regulatory authority in any jurisdiction; or
 - (ii) may cause the offer of the Shares of a Sub-Fund, the Company, this Prospectus, the Constitution, the Manager or the Custodian to become subject to any authorisation, recognition, approval or registration requirements under any law or regulation in any other jurisdiction; or
- (c) any Shareholder whose holdings of Shares, in the opinion of the Company:
 - (i) may cause a detrimental effect on the tax status of a Sub-Fund in any jurisdiction or on the tax status of the Shareholders of the Sub-Fund; or

- (ii) may result in a Sub-Fund or other Shareholders of a Sub-Fund suffering any other legal or pecuniary or administrative disadvantage which the Sub-Fund or the Shareholders might otherwise not have incurred or suffered; or
- (d) any Shareholder who fails any anti-money laundering, anti-terrorist financing or know-your-client checks, or where any information and/or documentary evidence requested by the Company and/or the Manager for the purposes of any anti-money laundering, anti-terrorist financing or know-your-client checks cannot be obtained from the Shareholders, or the Shareholder has failed to provide the same, in a timely manner; or
- (e) any Shareholder, where information (including but not limited to information regarding tax status, identity or residency), self-certifications or documents as may be requested by the Company and/or the Manager pursuant to any laws, regulations, guidelines, directives or contractual obligations with other jurisdictions' authorities (including, without limitation, the FATCA and/or any Singapore laws, regulations, guidelines and directives implemented as part of any inter-governmental agreement entered into between the United States and Singapore in connection with the FATCA) cannot be obtained from the Shareholder, or the Shareholder has failed to provide the same, in a timely manner; or
- (f) any Shareholder who does not consent, or withdraws his consent, for the Company or the Manager to collect, use and/or disclose information or data relating to the Shareholder, where such information or data is necessary for, or reasonably required by, the Company, the Manager, their respective related corporations and/or other service providers to perform their respective services and/or duties to or in respect of (i) the Sub-Fund and/or (ii) the Shareholder in relation to his holdings of Shares in the Sub-Fund.

13.7.2. If the Company and/or the Manager are required to account to any duly empowered fiscal authority of Singapore or elsewhere for any income or other taxes, charges or assessments whatsoever on the value of any Shares held by a Shareholder, the Company shall be entitled to compulsorily redeem such number of Shares held by that Shareholder as may be necessary to discharge the liability arising. The Company and/or the Manager (as the case may be) shall be entitled to apply the proceeds of such redemption in payment, reimbursement and/or set-off against the liability.

13.7.3. Any compulsory redemption under paragraphs 13.7.1 or 13.7.2 may be carried out by the Company on any Dealing Day after giving prior written notice to the relevant Shareholder, and shall be carried out in accordance with, and at the Redemption Price determined under, the relevant provisions of the Constitution and this Prospectus.

13.7.4. The Company, the Manager and their respective delegates, agents or associates shall not be liable for any loss (whether direct or consequential and including, without limitation, loss of profit or interest) or damage suffered by any Shareholder or any party arising out of or caused in whole or in part by any actions which are taken by the Company, the Manager and/or any of their respective delegates, agents or associates under paragraphs 13.7.1, 13.7.2 or 13.7.3.

14. Exchange and Switching of Shares

14.1 Exchange of Shares

Currently, a Shareholder of a Sub-Fund will not be able to exchange his Shares for shares or units of other funds managed by the Manager.

14.2 Switch between Sub-Funds

Currently, no switching of Shares is permitted between the Sub-Funds.

14.3 Switch between Classes

Switching is currently only permissible between Classes of the same Sub-Fund. Certain Classes of Shares are only available to investors and distributors selected by the Company at its discretion. Investors should contact the relevant distributor or the Company before making an application for switching. When dealing through a distributor, investors also need to follow the terms of the distributor in addition to those stated in this Prospectus.

Switching is subject to limitations as the Company may from time to time impose (including but not limited to the minimum holding requirement and investor eligibility requirement of the relevant Class of the Sub-Fund as detailed under the relevant Appendix). No switching will be made if it results in an investor holding less than the minimum holding requirement.

Please refer to the relevant Appendix of each Sub-Fund for any switching fee imposed by the Company.

14.4 Exchange and switching procedures

The Company reserves the discretion to allow for the exchange and/or switching of Shares (as the case may be) in the future and to prescribe the procedures relating thereto.

15. Obtaining Prices of Shares

The Shares will be valued on each Dealing Day.

Shares of the HSBC Singapore Dollar Liquidity Fund are priced on a historical basis and the published prices represent the actual prices of the Shares on the day of publication. For subscription or redemption orders received by the Dealing Deadline on a Dealing Day, the actual prices will be available on the website at www.assetmanagement.hsbc.com/sg, by the close of business on the same day.

If the information is not available, you may request for the same from the Manager.

16. Suspension of Dealing

16.1 The Company may, subject to the requirements of the Code, suspend the issue or redemption of Shares of any of the Sub-Funds or Class under the following circumstances:

- (a) any period when the Recognised Exchange or the OTC Market on which any Authorised Investments forming a material part of the Sub-Fund Asset(s) for the time being are dealt in is closed (otherwise than for ordinary holidays) or during which dealings are restricted or suspended;
- (b) any breakdown in the means of communication or means normally employed in determining the price of any such Authorised Investments or the current price thereof on that Recognised Exchange or that OTC Market or when for any reason the prices of any of such Authorised Investments cannot be promptly and accurately ascertained (including any period when the fair value of a material portion of the Authorised Investments cannot be determined);
- (c) any period when the remittance of monies which will or may be involved in the redemption of such Authorised Investments or in the payment for such Authorised Investments cannot, in our opinion, be carried out at normal rates of exchange;
- (d) any period when, in the opinion of the Company, funds cannot be normally remitted from the Sub-Fund Assets without prejudicing the interests of Shareholders;
- (e) the existence of any state of affairs which, in the opinion of the Company and/or Manager might seriously prejudice the interests of Shareholders (whether of any particular Class or Sub-Fund or of the Company) as a whole or of the Sub-Fund Asset(s);
- (f) any 48 hours (or such longer period as the Company may determine) prior to the date of any meeting of Members of the Company, a Sub-Fund or the relevant Class, or any adjourned meeting thereof;
- (g) any period when the business operations of the Company or the Manager in relation to the operations of the Sub-Fund(s) are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God;
- (h) any period where any dealing in Shares is suspended pursuant to any order or direction of MAS;
- (i) in the case of a Sub-Fund which is a feeder fund, during any period when dealings in units or shares in any of the Underlying Funds in which the Sub-Fund is invested are restricted or suspended;
- (j) in exceptional circumstances where such suspension is in the interest of the Shareholders (whether of a particular Class or Sub-Fund or of the Company); or
- (k) such other circumstances as may be required under the provisions of the Code.

Subject to the provisions of the Code, the suspension will take effect immediately upon written declaration by the Company and it will terminate upon the written declaration by the Company as soon as practicable when the condition giving rise to the suspension ceases to exist and no other conditions under which suspension is authorised under this paragraph 16 exists and in any event, within such period as may be permitted by the Code. The period of suspension may be extended if the Company determines it is in the best interest of the Shareholders. It may also be extended in accordance with the Code.

Please refer to the paragraph 25 of this Prospectus for the meaning of the terms **Recognised Exchange, OTC Market, Authorised Investments** and **Underlying Funds**.

16.2 If the Company determines that it would be detrimental to the remaining Shareholders of a Sub-Fund or Class to realise or continue to realise Shares relating to such Sub-Fund or Class at a price ascertained on the basis of the Net Asset Value of such Sub-Fund or Class, the Company may substitute such value with the fair value as determined in accordance with paragraph 23.5 of this Prospectus. The circumstances under which the Company may substitute or adjust the price of the Shares include, without limitation:

- (a) breakdown in the means of communication which affects the process of valuation of the Sub-Fund Asset(s) of such Sub-Fund or Class;
- (b) turmoil in the financial markets which causes unnaturally large or volatile movements in the prices of the Investments forming part of the Sub-Fund Asset(s) of such Sub-Fund or Class; or
- (c) the absence of any trading on the relevant Recognised Exchanges or OTC Markets or otherwise of the Investments forming part of the Sub-Fund Asset(s) of such Sub-Fund or Class which in turn causes the market value of these Investments to be not reflective of their true value.

Subject to the requirements of the Code, the Company may temporarily suspend the redemption of Shares in relation to the Sub-Fund or Class solely for the purpose and during any period of adjustment. Such suspension shall take effect and terminate in accordance with paragraph 16.1.

17. Performance of the Sub-Funds and Benchmark

The performance details and the benchmark of the Sub-Fund(s) are set out in the relevant Appendix.

The expense ratio is calculated in accordance with the Investment Management Association of Singapore guidelines for the disclosure of expense ratios and based on figures in the relevant Sub-Fund's latest audited accounts. The following expenses (where applicable) are excluded from the calculation of the expense ratio:

- (a) interest expense;
- (b) brokerage and other transaction costs associated with the purchase and sales of investments (such as registrar charges and remittance fees);
- (c) foreign exchange gains and losses of the relevant Sub-Fund (whether realised or

unrealised);

- (d) tax deducted at source or arising on income received (including withholding tax);
- (e) front-end loads, back-end loads and other costs arising on the purchase or sale of a foreign unit trust or mutual fund (if any); and
- (f) dividends and other distributions paid to Shareholders.

Turnover ratio is calculated based on the lesser of purchases or sales of underlying investments of the relevant Sub-Fund expressed as a percentage of daily average Net Asset Value of the relevant Sub-Fund.

18. Soft-Dollar Commissions and Arrangements

In its management of the Sub-Fund(s), the Manager, the Directors, the Sub-Manager and their respective associates do not receive or enter into any soft dollar commissions or arrangements, including any part of any brokerage charged to the Sub-Fund(s), or any part of any fees, allowances or other benefits received on purchases charged to the Sub-Fund(s).

19. Conflicts of Interest

The following inherent or potential conflicts of interest should be considered by prospective investors before investing in the Company. Where any potential conflict of interest arises, the Directors and the Manager will endeavour to ensure that any such conflict is resolved in a fair and equitable manner and in the best interest of the Company and its Shareholders.

- (a) The Directors, the Administrator, the Custodian, the Manager, the Sub-Manager, the investment adviser (if any) and other service providers or their respective agents, delegates or associated parties may engage in or possess an interest in other business ventures of every kind and description, including (i) investments for their own account in securities held by the Company from time to time; or (ii) investment advisory or supervisory services with respect to securities or other types of financial investments. Each of the parties will ensure that the performance of their respective duties will not be impaired by any such involvement. If a conflict of interest does arise, the parties will endeavour to ensure that it is resolved fairly and equitably and in the interest of the Company or the relevant Sub-Fund(s). Moreover, each of them will devote to the Company or the relevant Sub-Fund(s), as the case may be, only so much of their time as they deem necessary or appropriate in connection with the activities of the Company or the relevant Sub-Fund(s) (as the case may be).
- (b) The Directors, the Administrator, the Custodian, the Manager, the Sub-Manager and the investment adviser (if any) may from time to time act as directors, administrator, registrar, secretary, custodian, cash custodian, manager, sub-manager or investment adviser or carry out other functions as may be required from time to time in relation to, or be otherwise involved in or with, other funds and clients which have similar investment objectives to those of the Company or the relevant Sub-Fund(s). Any of them may, in the course of business, have potential conflicts of interest with the Company or the relevant Sub-Fund(s). Each will, at all times give due regard in such

event to its obligations to the Company and the relevant Sub-Fund(s) and will endeavour to ensure that such conflicts are resolved fairly. To the extent that there are similar investment objectives, the Manager will, as far as practicable, endeavour to have the same securities holdings for such overlapping areas with such securities allocated on a fair and equitable basis among the relevant funds.

- (c) The Directors, the Administrator, the Custodian, the Manager, the Sub-Manager, the investment adviser (if any) and their respective affiliates, delegates and their key personnel may, in certain circumstances, take positions in accounts of other clients opposite to those taken in relation to a Sub-Fund and/or take positions in accounts of other clients which involve conflicts or potential conflicts with positions taken by such Sub-Fund. These positions could adversely affect the performance of investments held by a Sub-Fund. Subject to the investment strategy adopted by a Sub-Fund as specified in the relevant Appendix, the Manager may also decline to make an investment for a Sub-Fund out of concern that such investment might harm another client of the Manager, the Directors or any of their respective affiliates or key personnel.
- (d) To the extent permitted by applicable law, the Manager and/or any of its affiliates or delegates may have a monetary or non-monetary interest in the transactions and/or a potential conflict of interest including the fact that the Manager and/or its affiliates or delegates may provide services to other parties in the same transactions and in turn earn profits from such services, including without limitation, investment management and advisory services, brokerage services, marketing services, providing research reports, consultancy services, acting in the same transactions as agent for more than one customer, and none of the Manager and its affiliates and delegates shall be liable to account for any profits earned from any aforementioned transactions, provided that such transactions are conducted on an arm's length basis.
- (e) Without limiting the generality of the foregoing paragraph (d), to the extent permitted by applicable law and the Code, the Manager may enter into portfolio transactions for or with the Company (for the purpose of a Sub-Fund) either as agent, in which case it may receive and retain brokerage commissions, or as principal with the Company (for the purpose of a Sub-Fund) provided that such transactions are carried out as if effected on normal commercial terms negotiated on an arm's length basis, consistent with best execution standards and subject to such commissions being charged at rates which do not exceed customary full service brokerage rates.
- (f) The Manager may share with any other person (including, but not limited to, any investor or any person introducing investors) any fees and other benefits to which it is entitled to receive from the Company or a Sub-Fund. The Manager, the Sub-Manager and the investment adviser (if any) and any person connected with it, including any shareholder, director, officer and employee of the Manager or its associated companies, may invest in a Sub-Fund, and the Manager may give to any such person a reduction or rebate of any fees to which the Manager is entitled.
- (g) The Manager and the Sub-Manager may manage other funds and/or accounts and will remain free to provide such services to additional funds and accounts, including for their own accounts, in the future. The Manager and/or the Sub-Manager may vary the investment strategies employed on behalf of a Sub-Fund from those used for itself and/or for other clients. No assurance is given that the results of the trading by the

Manager or the Sub-Manager on behalf of a Sub-Fund will be similar to that of other funds and/or accounts concurrently managed by the Manager or the Sub-Manager. It is possible that such funds and accounts and any additional funds and accounts to which the Manager or the Sub-Manager in the future provides such services may compete with a Sub-Fund for the same or similar positions in the markets. Where the Manager and the Sub-Manager are managing or advising other funds or accounts with similar investment policies to a Sub-Fund, they will ensure that appropriate investment opportunities are allocated on a fair and equitable basis between the Sub-Fund and such other funds or accounts. The Manager and the Sub-Manager may make a purchase or sale decision on behalf of some or all of the other funds managed by the Manager or the Sub-Manager without making the same decision on behalf of a Sub-Fund, as a decision whether or not to make the same investment or sale for the Sub-Fund depends on factors such as the cash availability and portfolio balance of the Sub-Fund. However, the Manager and the Sub-Manager will use their reasonable endeavours at all times to act fairly and in the best interests of the Sub-Fund. In particular, after taking into account the availability of cash and the relevant investment guidelines of the other funds managed by the Manager or the Sub-Manager and the Sub-Fund, the Manager and the Sub-Manager will endeavour to ensure that securities bought and sold will be allocated proportionately as far as possible among the other funds managed by the Manager or the Sub-Manager and the Sub-Fund. The Manager and the Sub-Manager may also transact on the Sub-Fund's behalf with their affiliates. The Manager and the Sub-Manager intend to deal with any conflicts of interests in a manner consistent with any applicable guidelines which may be issued from time to time by the Investment Management Association of Singapore.

- (h) The Directors may also hold or may assume directorships or equivalent positions in other funds or entities (including the Manager's related corporations). Therefore, they may be put in a position where their duties to act in the best interests of the funds or entities in which they hold directorships (or equivalent positions) may conflict. In dealing with any potential conflicts of interest, the Directors are obliged to act in the best interest of the Company and each Sub-Fund as a whole, pursuant to their duties imposed by the Act as well as any other duties mandated by common law. The Directors will ensure that the performance of their respective duties will not be impaired by any such involvement and that any such activities will be conducted on an arm's length basis. If a conflict of interest does arise, the Directors will endeavour to ensure that it is resolved fairly and in the interest of the Shareholders.
- (i) A Director may be a party to, or otherwise interested in, any transaction or arrangement with a Sub-Fund, or in which a Sub-Fund is otherwise interested. The Director will not be liable to account to a Sub-Fund for any profit he derives from such a transaction or arrangement provided the nature and extent of any material interest has been disclosed to the other Directors and that the Director acts in the best interest of a Sub-Fund, pursuant to the duties imposed by the Act as well as any other duties mandated by common law. Save as disclosed in this Prospectus, (i) no Director has any interest, direct or indirect, in the promotion of, or in any assets which are proposed to be acquired, disposed of by or leased to, a Sub-Fund, and (ii) no Director has a material interest in any contract or arrangement entered into by a Sub-Fund which is unusual in nature or conditions or significant in relation to the business of such Sub-Fund, nor has any Director had such an interest since the Company was incorporated. To the extent that a Director has a personal material interest in any contract or arrangement directly

or indirectly, such Director may not vote on such contract or arrangement.

- (j) The Administrator, the Custodian and/or their respective Connected Persons may contract with or enter into any financial banking or other transaction with the Company (for the purpose of a Sub-Fund), any Shareholder or any company or body whose assets are held by or on behalf of the Sub-Fund. The Administrator, the Custodian and/or their respective Connected Persons may deal, as principal or agent, with the Company (for the purpose of a Sub-Fund) if such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis. In addition, any of the foregoing may own Shares and hold, dispose or otherwise deal with the Shares as well as hold or deal in any investments notwithstanding that similar investments may be held by or on behalf of the Sub-Fund. The Administrator, the Custodian and their respective Connected Persons shall not be liable to account to any person for any profits or benefits made or derived by them in connection with any such transaction.
- (k) The Directors, the Manager and its associated companies may, from time to time, acting on an arm's length basis, receive fees from portfolio companies for structuring, negotiating documentation, monitoring and administering of the facilities and securities of the portfolio companies.
- (l) Each Sub-Fund bears its own expenses. However, common expenses will be incurred on behalf of a Sub-Fund and one or more other clients. The Manager will seek to allocate those common expenses among the Sub-Fund(s) and the other clients in a manner that is fair and equitable over time. However, expense allocation decisions will involve potential conflicts of interest (e.g., conflicts relating to different expense arrangements with certain clients). The Manager may use a variety of methods to allocate common expenses among the Sub-Fund(s) and the other clients, including methods based on assets under management, relative use of a product or service, the nature or source of a product or service, the relative benefits derived by the Sub-Fund(s) and the other clients from a product or service, or other relevant factors. Nonetheless, because the Manager's expense allocations often depend on inherently subjective determinations, the portion of a common expense that the Manager allocates to the Sub-Fund(s) for a particular product or service may not reflect the relative benefit derived by such Sub-Fund(s) from that product or service in any particular instance.
- (m) In respect of voting rights relating to any Authorised Investments where the Manager may face a conflict between its own interest and that of the Shareholders, the Manager shall cause such voting rights to be exercised in consultation with the Directors.
- (n) Only the holder of the Management Shares may vote on the appointment and removal of the Directors in accordance with the Constitution while the Company acting through its Directors may terminate the appointment of the Manager in accordance with the Management Agreement. These matters do not require and are not subject to the approval of holders of Participating Shares. Nonetheless, should the Directors fail to terminate the appointment of the Manager, the Company may still do so in accordance with the Management Agreement by way of the holders of Participating Shares requisitioning a general meeting of the Company and passing a Special Resolution in accordance with the Constitution and the Act.
- (o) The Manager is part of a financial group, and the Manager and its affiliates provide the

full suite of financial services to clients, and act simultaneously for a number and range of clients with various interests, requirements and positions.

- (p) The Manager is of the view that it is not in a position of conflict in managing its other funds as these funds and the Sub-Fund(s) have different investment universes and investment restrictions. To the extent that there are overlapping investment objectives, the Manager will, as far as practicable, endeavour to have the same securities holdings for such overlapping areas with such securities allocated on a pro-rata basis among the relevant funds. The Manager will conduct all transactions with or for the Sub-Fund(s) at arm's length.
- (q) The Manager and the Sub-Manager and their Connected Persons may:
 - (i) purchase, hold, deal in or dispose of Shares in any Sub-Fund for their own account;
 - (ii) contract or enter into any financial, banking, insurance, brokerage or other transaction with one another, Shareholders or any corporation or body any of whose securities form part of the Sub-Fund Assets, make profits from such contracts or other transactions and be interested in any such corporation or body; and
 - (iii) invest in and deal with securities or any property of the kind included in the Sub-Fund Assets or any other investments for their respective individual accounts or for the account of a third party or enter into contracts or other arrangements with one another and make profits from these activities.
- (r) The Sub-Manager and the sub-managers and/or investment advisers (if any) for other future Sub-Funds, may act as investment manager and/or investment adviser for other funds and/or accounts, which may have investment strategies similar to the Sub-Fund or investments which compete with the Sub-Fund for the same or similar positions in the markets. The Sub-Manager may make a purchase or sale decision for such other funds and/or accounts without making the same recommendation to the Manager to purchase or sell such investments for the Sub-Fund, taking into account the availability of cash and portfolio balance of the Sub-Fund. The Sub-Manager will act in the best interest of Shareholders of the relevant Sub-Fund for which it provides sub-management services.

20. Reports

The Company's financial year ends on 30 June in each year.

- 20.1 Shareholders may obtain electronic copies of the annual accounts of the Company, reports of the auditors on the annual accounts of the Company and the annual reports of the Company for the relevant financial year (collectively, the "**Reports**"), once available, from the Manager's website at www.assetmanagement.hsbc.com/sg. The Reports will be made available on the Company's website within three (3) months of the financial year-end of the Company and will remain on the Manager's website for at least 12 months from the date of posting on the Manager's website.

- 20.2** Shareholders may obtain electronic copies of the semi-annual report and semi-annual accounts of the Company (collectively, the "**Semi-Annual Reports**"), once available, from the Manager's website at www.assetmanagement.hsbc.com/sg. The Semi-Annual Reports will be made available on the Manager's website within two (2) months of the end of the period covered by the relevant report and accounts and will remain on the Manager's website for at least 12 months from the date of posting on the Manager's website.
- 20.3** Printed copies of the Reports and Semi-Annual Reports are not sent to Shareholders. However, Shareholders who would like to receive printed copies of the Reports and/or Semi-Annual Reports may submit the relevant request(s) to the Company.
- 20.4** The periods stated in paragraphs 20.1 and 20.2 above may be extended if permitted by MAS.

21. Indemnities in favour of Manager

- 21.1** The Management Agreement contains the duties and responsibilities of the Manager. It requires amongst other, that the Manager uses its best endeavours to (a) carry on and conduct its business in proper and efficient manner and (b) ensure that each Sub-Fund is carried on and conducted in a proper and efficient manner.
- 21.2** The Manager shall not be exempted from any liability to the Company for losses due to its gross negligence, wilful default, fraud or bad faith or that of its officers or employees, nor may it be indemnified, on an after-tax basis, against such liability by the Company. The Management Agreement includes certain exclusions of liability and indemnities in favour of the Manager, other than in respect of the Manager's gross negligence, wilful default, fraud or bad faith.

22. Taxation Considerations

- 22.1** As with any investment, you should consider how your investment in Shares will be taxed. The tax information in this Prospectus is provided as general information and does not constitute tax or legal advice. You should consult your own tax advisers about the tax consequences of an investment in Shares.

Singapore Tax

- 22.2** The following summary of certain Singapore income tax consequences of the purchase, ownership and disposition of Shares is based upon the existing provisions of relevant tax law and the regulations thereunder, the circulars issued by MAS and practices in effect as at the date hereof, all of which are subject to change at any time and to differing interpretations, either on a prospective or retroactive basis. The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of Shares and does not purport to deal with the consequences of application to all categories of investors, some of which may be subject to special rules. The comments herein are not binding on the Singapore tax authorities and there can be no assurance that it will not take a position contrary to any of the comments herein. None of the Company, the Manager or any other persons involved in the preparation of this Prospectus accepts responsibility for any tax effects or liabilities resulting from the purchase, ownership, sale, transfer or redemption of Shares. You are advised to consult your own tax advisers concerning the application of Singapore tax laws to your particular situation as well as any consequences of the purchase,

ownership and disposition of Shares arising under the laws of any other tax jurisdictions. You should note that tax law and interpretation can change and that, in particular, the levels and basis of, and reliefs from, taxation may change, and it may alter the benefits of investment in the Company / Sub-Funds.

Corporate Income Tax

Singapore adopts a quasi-territorial system of taxation, whereby Singapore income tax is imposed on income accruing in or derived from Singapore (i.e., Singapore-sourced income) or income received in Singapore from outside Singapore (i.e., foreign sourced income), unless otherwise exempted under the Singapore Income Tax Act ("**SITA**"). In Singapore, the current corporate income tax rate is 17%.

In principle, Singapore tax is only imposed on income. Gains which are capital in nature are not subject to tax. However, the Inland Revenue Authority of Singapore ("**IRAS**") may seek to apply a broad definition of "income" and argue that gains on the disposal of investments constitute income from the carrying on of a trade in investments and are therefore taxable, unless otherwise exempted under the SITA (including but not limited to Section 13W and fund exemption scheme under Section 13U as discussed below).

Section 13W of the SITA provides for exemption on gains or profits derived from the disposal of ordinary shares which are legally and beneficially owned by the divesting company, where the divesting company has held at least 20% of the ordinary shares in the investee company for a continuous period of at least 24 months immediately prior to the disposal. The applicability of the Section 13W exemption is also subject to certain exceptions, including (amongst others) that the investee company (if unlisted) being disposed of must not be an excluded investee company (i.e. broadly, the scope of an excluded investee company relates to the trading, holding and/or development of immovable property in Singapore and/or abroad). The sunset date for the Section 13W tax exemption is 31 December 2027.

Gains on sale or disposal of Foreign Assets under Section 10L of the SITA ("Section 10L")

Note that comments on Section 10L made hereunder are based on provisions as enacted in Section 10L of the SITA, as well as guidance provided by the IRAS in the e-Tax Guide on Tax Treatment of Gains or Losses from the Sale of Foreign Assets (the "**e-Tax Guide**") released on 8 December 2023 and FDD Cir 04/2024 published by the MAS on 4 April 2024 (the "**MAS Circular**"). The rules may be subject to change if and when the relevant authorities issue additional guidance in respect of the application or interpretation of Section 10L.

Overview

Singapore has introduced a new Section 10L to the SITA which is aimed at taxing gains from sale or disposal of "Foreign Assets"¹ that are considered received in Singapore by businesses without adequate business substance in Singapore.

¹ Foreign Assets include movable and immovable property situated outside Singapore, equity securities and debt securities that are registered in a foreign exchange, secured or unsecured debt (or any right or interest in such secured or unsecured debt) where the creditor (i.e. the lender) is resident in a jurisdiction outside Singapore; and, unlisted shares that are issued by a company incorporated outside Singapore.

It should be noted that gains from disposal of Foreign Assets may be taxable by virtue of the operation of Section 10L, notwithstanding that such gains would otherwise have been exempted under the SITA (e.g. Section 13W or Section 13U Tax Incentive Scheme).

Under Section 10L, gains from disposal of Foreign Assets (hereinafter “**Covered Income**”) will be treated as income chargeable to tax under the SITA, if the gains arise from disposal of Foreign Assets occurring on or after 1 January 2024, are considered received in Singapore by a “Covered Entity”² and are not subject to tax by virtue of being capital in nature or exempt from tax due to certain tax exemptions, unless falling within one of the three specified excluded circumstances prescribed under the law³ :-

- i) Covered Entity is a “prescribed financial institution” and the disposal is carried out as part of, or incidental to, the business activities of such a “prescribed financial institution”; [*Note that “prescribed financial institution” does not include an investment fund.*]
- ii) Covered Entity is an entity that is incentivised under specified tax incentives and the disposal is carried out as part of, or incidental to, the business activities of such an incentivised business; or [*Note that specified tax incentives for this purpose do not include the fund incentive schemes e.g. the Section 13U Tax Incentive Scheme.*]
- iii) disposal gain is derived by an “Excluded Entity”, i.e. a Covered Entity that meets the prescribed economic substance requirement (“**ESR**”) in Singapore in the basis period in which the sale or disposal occurred.

For a Covered Entity whose operations are outsourced to and carried out by service providers (e.g. fund manager), such a Covered Entity may be regarded to satisfy the ESR via the outsourcing arrangement, subject to certain prescribed conditions (hereinafter “Outsourcing Rules”).

Section 10L implications for Singapore-managed investment funds

An investment fund may not be a Covered Entity for Section 10L purpose in the first instance – where, by virtue of generally acceptable accounting standards, the fund entities qualify as “investment entities” for accounting purpose and hence are not required to consolidate any overseas investees under their control, and / or are otherwise not themselves required to be consolidated by their controlling shareholders in Singapore or outside Singapore.

Where the Singapore-managed investment fund is a Covered Entity, the fund entity may be excluded from the operation of Section 10L in respect of Covered Income, if the investment fund qualifies as an Excluded Entity through the satisfaction of prescribed ESR in the basis period in which the disposal takes place, under one of the avenues A or B below.

² A Covered Entity is an “entity” of a “relevant group” i.e., a group with members that are formed in or operates in two or more jurisdictions. An entity is a member of a group based on accounting consolidation, subject to certain exceptions.

³ To avoid doubt, the specified excluded circumstances do not apply to gains from sale or disposal of intellectual property rights, which are subject to different tax treatment than that of the other Foreign Assets.

A) Safe Harbour for Qualifying Funds

Based on the MAS Circular, for a qualifying fund that is approved under specified fund incentive scheme (including the Section 13U Tax Incentive Scheme), so long as the relevant fund entity has submitted annual declaration to the MAS confirming that it has satisfied the qualifying criteria under the relevant scheme during the given basis period – such a fund will automatically be regarded to have met the ESR in the basis period covered by the annual declaration.

B) Outsourcing Rules for Singapore-Managed Funds

For funds that do not qualify for the abovementioned safe harbour rule – e.g. a Section 13U incentivised fund which is not able to meet qualifying conditions in the relevant basis period (per its annual declaration submitted to the MAS); or non-incentivised funds – such funds could still be regarded to meet the ESR for the relevant basis period if the Outsourcing Rules for Singapore-managed investment funds are met:-

- Per the MAS Circular, funds will be considered to have met the outsourcing rules under the ESR if:
 - a) the investment activity of the fund – this includes investment management (whether on discretionary or non-discretionary basis) and advisory services – has been outsourced to a Singapore-based fund manager (i.e. a Singapore fund manager that is licensed or exempted from holding a licence for the regulated activities of fund management);
 - b) the investment strategy has been documented;
 - c) the investment service agreement (e.g., Investment Management Agreement or Investment Advisory Agreement) sets out:
 - the duties and responsibilities of the Singapore fund manager;
 - the provision for the termination of the services of the Singapore fund manager;
 - d) Singapore fund manager has set aside dedicated resources to perform its functions and responsibilities based on the investment service agreement; and
 - e) Singapore fund manager charges an arm's length fee for its services rendered.

The Manager will endeavour to conduct the affairs of the Company (which is envisaged to be approved under the Section 13U Tax Incentive Scheme) such that where the Company is a Covered Entity and derives gains from disposal of Foreign Assets (e.g. foreign shares), the Company is able to satisfy the prescribed ESR to qualify as an Excluded Entity for Section 10L purpose, whether under avenues A or B above.

There is, however, no assurance that the Manager will be able, on an ongoing basis, to ensure that the Company will always be able to fall outside the ambit of Section 10L in respect of gains derived from disposal of Foreign Assets; in such an event, gains from disposal of Foreign Assets (i.e. Covered Income) derived by the Company will be subject to tax when the Covered Income is considered received in Singapore (as defined under the SITA) by the Company.

22.3 Taxation of the Company

As provided in Section 107 of the SITA and based on the IRAS e-Tax Guide, Tax Framework for Variable Capital Company published on 28 August 2020 ("**VCC e-Tax Guide**") and updated time to time, VCCs are regarded as companies for tax purposes. Further, regardless of whether a VCC is a standalone or an umbrella VCC comprising (or that will comprise) one (1) or more sub-funds, it will be recognised as a single entity for income tax purposes, unless stated

otherwise. In determining the income of a VCC, tax measures (e.g. tax incentives and broad-based enhanced tax deductions) that apply to companies would apply to VCCs, with certain exceptions.

Additionally, in the case of an umbrella VCC such as the Company, the chargeable income or exempt income of an umbrella VCC would refer to the sum of the chargeable income or exempt income of its sub-funds (with partial tax exemption being applied at the VCC level). The income and expenses (including capital expenditure and foreign tax credit) of each sub-fund is to be separately determined prior to being aggregated at VCC level, with the relevant tax rules for computation of income and expenses being applied at the sub-fund level. Any expense, capital expenditure, loss or donation of a sub-fund will not be available for deduction against the income of another sub-fund or any other income of the umbrella VCC.

In terms of tax filing, VCCs are expected to file income tax returns every year of assessment ("YA") to the IRAS (e.g., an estimated chargeable income and annual income tax return). In respect of an umbrella VCC, regardless of the number of sub-funds, the umbrella VCC, being a single entity, needs only to submit one (1) set of income tax returns in respect of the entire structure.

In applying the Section 13W safe harbour tax exemption, please note that in the case of an umbrella VCC such as the Company, each sub-fund would be treated as a separate "divestee / investee company" (as the case may be) in determining whether the relevant conditions under the Section 13W tax exemption as noted above are met.

Section 13U Tax Incentive Scheme

The Fund intends to apply for the incentive scheme under Section 13U of the SITA with the MAS ("**Section 13U Tax Incentive Scheme**").

The Singapore income tax comments herein are based on the details of the Section 13U Tax Incentive Scheme provided under Section 13U of the SITA and the Income Tax (Exemption of Income Arising from Funds Managed in Singapore by Fund Manager) Regulations 2010 as well as the circulars released by the MAS on this issue.

Based on Section 107(15) of the SITA and the MAS Circular FDD Cir 14/2018 issued on 31 October 2018 ("**MAS Circular on VCC**"), the Section 13U Tax Incentive Scheme is extended to VCCs. In the case of an umbrella VCC, the VCC can apply for the said tax incentive scheme on behalf of its sub-funds. Accordingly, the qualifying conditions and economic commitment under the Section 13U Tax Incentive Scheme are to be applied at the umbrella VCC level (as opposed to at individual sub-fund level).

Under the Section 13U Tax Incentive Scheme, "specified income" from "designated investments" derived by an "approved person" from funds managed in Singapore by a "fund manager" is exempt from tax in Singapore, subject to all the prescribed conditions under the Section 13U Tax Incentive Scheme being met. The terms "specified income" and "designated investments" are defined in the Income Tax (Exemption of Income Arising from Funds managed in Singapore by the fund manager) Regulations 2010 and the relevant MAS Circulars issued in this regard.

Qualifying conditions of the Section 13U Tax Incentive Scheme

An application is required to be made to the MAS to be an "approved person" under the Section 13U Tax Incentive Scheme.

To be approved as an "approved person" under the Section 13U Tax Incentive Scheme, the Company must undertake to meet the conditions set out below:

- (a) Is an investment vehicle and will not be carrying out any active business operations other than the investment business. The Company is also not intended to facilitate treasury operations of a corporate group.
- (b) it has a minimum fund size of SGD 50 million at the point of application⁴;
- (c) is managed or advised directly throughout each basis period for any year of assessment by a fund management company in Singapore, where the fund manager:
 - (i) must hold a capital markets services licence for the regulated activity of fund management under the SFA or is exempt from the requirement to hold such a licence under the SFA, or otherwise approved by the Minister or such other persons as he may appoint; and
 - (ii) must employ at least three investment professionals⁵;
- (d) it must incur at least SGD 200,000 in local business spending⁶ in each basis period relating to any year of assessment for which the Section 13U Tax Incentive Scheme is sought;
- (e) it should not change its investment objective/strategy from the date it is approved for the Section 13U Tax Incentive Scheme, unless the MAS is satisfied that the change is for a bona fide commercial reason and approval is obtained from the MAS before the change takes effect;
- (f) it does not concurrently enjoy other tax incentive schemes;
- (g) it must commit to provide the relevant authority with information as the relevant authority may reasonably require; and
- (h) it must meet any other conditions as specified in the letter of approval upon approving of the applicant for the purpose of the Section 13U Tax Incentive Scheme.

As announced in Budget 2024, the economic conditions for the Section 13U Tax Incentive Scheme will be revised and key changes will take effect from 1 January 2025. No further details have been released as at the date of this Prospectus and it is expected for further details to be released by the MAS by Q3 2024.

⁴ Where real estate, infrastructure funds, private equity funds, debt and credit funds, and private equity fund of funds are concerned, this condition may be satisfied by taking reference to the funds' committed capital where applicable. The level of committed capital must be legally enforceable through a contract between the investor and the fund at the point of application, and the fund manager should have recourse to recover any capital commitment or to take the necessary remedial action in the event the investor defaults on its commitments. In addition, the fund must demonstrate that a component of payments made to the fund manager is charged based on the committed capital (i.e., undrawn amounts included).

⁵ "Investment professionals" refer to persons who are earning more than SGD 3,500 per month and must be engaging substantially in the "qualifying activity". Examples of "qualifying activity" include acting as portfolio managers, research analysts and traders. These investment professionals should be Singapore tax residents and must have their employment exercised in Singapore.

⁶ According to accounting principles, this includes but is not limited to the following expenses paid to Singapore entities: remuneration, management fees, and other operating costs.

The condition in paragraph (a) above needs to be complied with at the point of application. All other conditions will have to be fulfilled by the Company throughout the life of the fund. In the event that the Company fails to satisfy any of the above conditions for any basis period, the Company will not enjoy the tax exemption on "specified income" derived from "designated investments" under the Section 13U Tax Incentive Scheme for the basis period concerned. It can, however, continue to enjoy the Section 13U Tax Incentive Scheme in any subsequent basis period, if it is able to satisfy the conditions in that subsequent period.

The sunset date for the Section 13U Tax Incentive Scheme is currently set at 31 December 2029⁷. All funds that are on the Section 13U Tax Incentive Scheme on 31 December 2029 should continue to enjoy the tax exemption after 31 December 2029, subject to them meeting all the conditions under the Section 13U Tax Incentive Scheme even if the said scheme is not extended beyond this date.

Hence, once approved under the Section 13U Tax Incentive Scheme, the Company (and all of its Sub-Funds) will enjoy the concessionary tax treatment under Section 13U of the SITA, subject to meeting the above conditions on an ongoing basis.

The Manager will endeavour to conduct the affairs of the Company such that the Company will qualify for the Section 13U Tax Incentive Scheme. There is, however, no assurance that the Manager will be able, on an ongoing basis, to ensure that the Company (and all of its Sub-Funds) will always meet all the qualifying conditions for the Section 13U Tax Incentive Scheme. Upon any such disqualification, the Company (and all of its Sub-Funds) may be exposed to Singapore tax on its income and gains, wholly or partially, as the case may be, for the particular basis period, at the prevailing corporate income tax rate (currently 17%).

Specified Income

Any income or gains derived on or after 19 February 2022 from "designated investments" defined below will be regarded as "specified income" except for the following⁸:-

- (a) Distributions made by a trustee of a real estate investment trust (as defined in Section 43(1) of the SITA) that is listed on the Singapore Exchange;
- (b) Distributions made by a trustee of a trust who is resident of Singapore or a permanent establishment in Singapore, other than a trust that enjoys tax exemption under Sections 13D, 13F, 13L or 13U of the SITA;

⁷ As announced in Singapore Budget 2024, the sunset date for the Section 13U Tax Incentive Scheme has been extended to 31 December 2029.

⁸ As announced in Singapore Budget 2019 and based on details released in the MAS Circular FDD Cir 09/2019 dated 7 June 2019, the Specified Income list has been enhanced to remove the exclusion on income in the form of payments that fall within the ambit of Section 12(6) of the SITA (e.g., interest income), except where such income is derived in respect of an immovable property situated in Singapore. The above enhancement applies to income derived from 19 February 2019.

In addition, based on details released in the MAS Circular FDD Cir 05/2022 dated 19 September 2022, item (c) of the list has been enhanced to also include income or gain derived or deemed to be derived from Singapore (on or after 19 February 2022) from a non-publicly traded partnership.

Please note, however, that the above changes have not been gazetted yet. There may be variation to the actual wording of the "Specified Income" listed above upon gazette.

- (c) Income or gain derived or deemed to be derived from Singapore from a publicly-traded partnership and/or non-publicly traded partnership, where tax is paid or payable in Singapore on such income of the partnership by deduction or otherwise; and
- (d) Income or gain derived or deemed to be derived from Singapore from a limited liability company, where tax is paid or payable in Singapore on such income of the limited liability company by deduction or otherwise.

Designated investments

With effect from 19 February 2022, "designated investments" are defined to include⁹:

- (a) stocks and shares of any company, other than an unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development);
- (b) debt securities (i.e., bonds, notes, commercial papers, treasury bills and certificates of deposits), other than non-qualifying debt securities¹⁰ issued by an unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development);
- (c) units in real estate investment trusts and exchange traded funds constituted in the form of trusts and other securities (not already covered in other sub-paragraphs of the Designated Investments list) but excludes any securities issued by any unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development)¹¹;
- (d) futures contracts held in any futures exchanges;
- (e) immovable property situated outside Singapore;
- (f) deposits placed with any financial institution¹¹;
- (g) foreign exchange transactions;
- (h) interest rate or currency contracts on a forward basis, interest rate or currency options, interest rate or currency swaps, and financial derivatives¹¹ relating to any designated investment specified in the list of "designated investments" or financial index;
- (i) units in any unit trust, except:
 - (i) a unit trust that invests in Singapore immovable properties;
 - (ii) a unit trust that holds stock, shares, debt or any other securities, that are issued by any unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development); and
 - (iii) a unit trust that grant loans that are excluded under (j);
- (j) loans (including secondary loans, credit facilities and advances), except¹¹:

⁹ Certain enhancements were announced in Singapore Budget 2019 and Singapore Budget 2022, whereby the relevant details were released in the MAS Circular FDD Cir 09/2019 dated 7 June 2019 and MAS Circular FDD Cir 05/2022 dated 19 September 2022 respectively. Please note, however, that these enhancements (which apply on or after 19 February 2019 or 19 February 2022, as the case may be) have not been gazetted yet. There may be variation to the actual wording of the "Designated Investments" listed above upon gazette.

¹⁰ "Non-qualifying debt securities" will refer to debt securities that do not enjoy the "Qualifying Debt Securities" tax status as defined under section 13(16) of the ITA.

¹¹ The relevant counter-party and currency restrictions have been removed in respect of paragraphs (c), (f), (h), (j) of the designated investments list.

- (i) loans granted to any unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development);
- (ii) loans to finance / re-finance the acquisition of Singapore immovable properties; and
- (iii) loans that are used to acquire stocks, shares, debt or any other securities, that are issued by an unlisted company that is in the business of trading or holding of Singapore immovable properties (other than one that is in the business of property development);
- (k) commodity derivatives (i.e., derivatives the payoff of which are wholly linked to the payoffs or performance of the underlying commodity);
- (l) physical commodities other than physical investment precious metals mentioned in (z), if:
 - (i) the trading of those physical commodities by the prescribed person, approved company or approved person in the basis period for any year of assessment is done in connection with and is incidental to its trading of commodity derivatives (referred to in this paragraph as related commodity derivatives) in that basis period; and
 - (ii) the trade volume of those physical commodities traded by the prescribed person, approved company or approved person in that basis period does not exceed 15.0% of the total trade volume of those physical commodities and related commodity derivatives traded in that basis period;
- (m) units in a registered business trust;
- (n) emission derivatives (i.e., derivatives, the payoffs of which are wholly linked to the payoffs or performance of the underlying emission allowances) and emission allowances;
- (o) liquidation claims;
- (p) structured products (as per the definition under section 13(16) of the SITA);
- (q) Islamic financial products and investments in prescribed Islamic financing arrangements under section 34B of the SITA that are commercial equivalents of any of the other designated investments specified in this list;
- (r) private trusts that invest wholly in the designated investments specified in this list;
- (s) freight derivatives (i.e., derivatives, the payoffs of which are wholly linked to the payoffs or performance of the underlying freight rates);
- (t) publicly-traded partnerships that do not carry on any trade, business, profession or vocation in Singapore;
- (u) interests in limited liability companies that do not carry on any trade, business, profession or vocation in Singapore;
- (v) bankers' acceptances issued by financial institutions;
- (w) accounts receivables and letters of credits;
- (x) interests in Tokumei Kumiai ("**TK**") and Tokutei Mokuteki Kaisha ("**TMK**")¹²;
- (y) non-publicly traded partnerships that:
 - (i) not carry on a trade, business, profession or vocation in Singapore; and
 - (ii) invest wholly in designated investments specified in this list; and
- (z) physical investment precious metals, if the investment in those physical investment precious metals does not exceed 5.0% of the total investment portfolio, calculated in accordance with the formula $A \leq 5.0\% \text{ of } B$, where:
 - (i) A is the average month-end value of the total investment portfolio in physical investment precious metals over the basis period; and

¹² TMK was not mentioned in the previous MAS circular i.e., MAS Circular FDD Cir 09/2019, and is now included herein for the avoidance of doubt.

- (ii) B is the value of the total investment portfolio as at the last day of the basis period.

Section 13U Tax Incentive Scheme Reporting Obligations

Where the Company has been approved as an "approved person" for the purpose of the Section 13U Tax Incentive Scheme, the "approved person" will be required to submit an annual declaration to the MAS within four months of each financial year end confirming that it has met the relevant conditions under the Section 13U Tax Incentive Scheme, as well as the annual income tax return to the IRAS.

Hong Kong SAR

A Sub-Fund may be subject to Hong Kong SAR profits tax if it is treated as carrying on a trade or business in Hong Kong SAR either on its own account or through the agency of the sub-manager of that Sub-Fund. If the Sub-Fund is treated as carrying on business in Hong Kong SAR, a liability to profits tax, the rate of which is currently 16.5%, will only exist in respect of any profits of the Sub-Fund which arise in or are derived from Hong Kong SAR from that trade or business, and which are not capital in nature.

Under Hong Kong SAR tax law and practice, funds are exempted from Hong Kong SAR profits tax providing certain conditions are met. It is intended that affairs of the Sub-Fund shall be conducted as far as possible to comply with the conditions for exemptions from profits tax. However, the Sub-Fund can offer no warranty that such exemptions will be obtained in every instance.

22.4 Taxation of the Investors

The taxation of Investors in Singapore or in their own respective jurisdictions as may arise from subscribing for, buying, holding, transferring, selling, or otherwise disposing of Shares may vary depending on the personal profile of each investor. Hence, investors are advised to consult their own tax advisors on the tax laws in Singapore and/or their jurisdiction(s) of residence that would apply to their particular situations. The potential Singapore tax implications as may be relevant for the Company are provided, for general information purpose only, as follows:

Singapore corporate tax treatment of distribution made by the Fund to the Investors

To the extent that the Company is regarded as tax resident in Singapore, any dividends distributed by the Company (being a variable capital company) should constitute one-tier tax exempt dividends under Section 13(1)(za) of the SITA. To avoid doubt, there is no withholding tax on one-tier exempt dividend paid to non-resident shareholders / investors.

Singapore corporate tax treatment of gains derived by Investors from disposal of Participating Shares in the Fund

The Singapore tax implications on the gain on sale of Shares would depend on the investors' profile i.e., whether the investor is a Singapore-based investor (i.e., onshore investor), or an investor based outside of Singapore (i.e., offshore investor).

Where an onshore investor disposes its Shares, unless otherwise exempted, gains determined to be revenue in nature (e.g., the investor is regarded as trading in investments) would be taxed

at the applicable prevailing tax rate(s); conversely, gain regarded as capital in nature is not subject to tax. The determination of the nature of gain (i.e., capital or revenue) is a question of facts that is dependent on the specific circumstances and profiles of the investors.

Gains derived by offshore investors from the disposal of Shares should fall outside the Singapore tax ambit to the extent that the gains are sourced outside Singapore. The ascertainment of source of divestment gains is a question of facts. In general, disposal gains should be regarded as sourced outside Singapore where the Investors do not carry on any operation in Singapore and decisions to invest and divest the Shares are solely made outside Singapore.

Singapore Stamp Duty

Transfer or disposal of Shares or any interests thereof, of the relevant Sub-Fund would attract stamp duty at a rate of 0.2% where the relevant Sub-Fund does not directly or indirectly hold certain categories of immovable properties in Singapore. The 0.2% is imposed on the higher of (i) the purchase consideration for the Shares or any interests thereof, of the relevant Sub-Fund, or (ii) the value of the Shares or any interest thereof, in respect of the relevant Sub-Fund.

22.5 Singapore Goods and Services Tax

Based on the VCC e-Tax Guide, each sub-fund of an umbrella VCC is regarded as a separate person for GST purposes, as a sub-fund makes independent sale and purchase decisions based on its respective investment mandate. Singapore GST at the prevailing standard-rate of 9% may be borne by the Company or the relevant Sub-Fund in respect of certain services and expenses incurred in Singapore. For common expenses incurred by the umbrella VCC, in general, the expenses have to be allocated to the sub-funds on a reasonable basis.

As each sub-fund is likely to be making largely exempt supplies, it is not eligible to register for Singapore GST and hence, is not able to claim the GST on expenses incurred in Singapore as its input tax credit.

However, each sub-fund would be allowed to claim the GST on its business expenses incurred in Singapore (such as management fees and routine operating expenses) that are supported by valid tax invoices as input tax credit (except for certain statutorily disallowed expenses), by way of GST remission (“**GST Remission for Qualifying Funds**”) granted by the Minister for Finance (i.e. without having to register for GST) if:

- the VCC fund qualifies for the Section 13U Tax Incentive Scheme administered by the MAS (see above) as at the last day of its preceding financial year; and
- the VCC fund is managed or advised by a prescribed fund manager in Singapore who holds or is exempted from holding a capital markets services licence under the SFA.

The GST Remission for Qualifying Funds is based on annual (calendar year) fixed recovery rates prescribed by the MAS. The fixed recovery rate for the year 2024 is 90%. The GST remission has a sunset clause of 31 December 2029 (recently extended from 31 December 2024 in the Singapore Budget 2024).

Reverse Charge

Singapore has implemented reverse charge ("**RC**") for business to business (i.e., B2B) imported services (i.e., services received from overseas suppliers) with effect from 1 January 2020. Broadly, RC is a tax on in-scope imported services, which generally are services that would be standard-rated if purchased from a Singapore GST registered service provider. Generally, RC applies to a Singapore entity that would not be entitled to claim input tax credit in full on the imported services.

To the extent the "approved person" is not making taxable supplies but has in-scope imported services that have exceeded SGD 1 million in the last calendar year or are expected to exceed SGD 1 million in any future 12-month period, it is liable to register for Singapore GST.

If the Sub-Fund is registered for GST due to RC, it may still be entitled to GST Remission for Qualifying Funds in respect of its allowable business expenses incurred in Singapore and in-scope imported services subject to meeting the relevant conditions (see discussion above).

Overseas Vendor Registration ("**OVR**")

From 1 January 2023, all business to consumer (i.e., B2C) supplies of imported remote services will be taxed by way of the extended OVR regime. Remote services refer to any services where, at the time of the performance of the service, there is no necessary connection between the physical location of the recipient and the place of physical performance.

A supplier of remote services belonging outside Singapore will be required to register for GST in Singapore once certain conditions are met (e.g., annual global turnover exceeding SGD 1 million and make B2C supplies of remote services to customers in Singapore exceeding SGD 100,000). The Sub-Fund(s) may receive remote services from such suppliers which are required to charge and account for GST. To the extent that conditions for GST Remission for Qualifying Funds are met (see discussion above), the input tax charged to the Sub-Fund(s) under the OVR regime should be claimable by the Sub-Fund(s) at the prevailing annual fixed recovery rates available under the GST remission scheme.

23. Other Material Information

23.1 Information on investments

At the end of each quarter, you will receive a statement showing the value of your investment, including any transactions during the quarter. If there is any transaction within a particular month, you will receive an additional statement at the end of that month.

23.2 Distributions

The Company has the sole discretion to decide on distributions to be made (if any) and such distributions are not guaranteed. The Directors shall have the absolute discretion to determine whether a distribution of income and/or capital gains and/or capital is to be made in respect of any Class. Distributions (whether out of capital or otherwise) may have the effect of lowering the Net Asset Value per Share.

The distribution policy for each Sub-Fund (if any) is set out in the relevant Appendix.

23.3 Termination of the Company or any Sub-Fund or any Class

The Company and each Sub-Fund are of indeterminate duration and shall continue until the Company or any Sub-Fund is wound up in accordance with the Act and the Constitution.

The Company may be terminated at any time by the Directors in their absolute discretion by notice in writing to the Shareholders if:

- (a) on any date, the aggregate Net Asset Value of the Shares of all Sub-Funds is less than S\$50 million (or its equivalent in any other currency); or
- (b) any law or regulation is passed or amended or any regulation directive or order is imposed that affects the Company and which renders the Company illegal, impracticable or inadvisable in the opinion of the Directors to continue.

Any Sub-Fund and/or Class may be terminated by the Directors in their absolute discretion by notice in writing to the relevant Shareholders if:

- (a) on any date, the aggregate Net Asset Value of all the Shares in (i) the relevant Sub-Fund or any Class (except for HSBC Singapore Dollar Liquidity Fund) is less than S\$50 million (or its equivalent in any other currency); and (ii) the HSBC Singapore Dollar Liquidity Fund (or any Class thereof) is less than S\$200 million (or its equivalent in any other currency);
- (b) any law or regulation is passed or amended or any regulation directive or order is imposed that affects a Sub-Fund and which renders such Sub-Fund illegal, impracticable or inadvisable in the opinion of the Directors to continue;
- (c) MAS revokes or withdraws the authorisation of the Sub-Fund under Section 286 of the SFA;
- (d) the Manager has ceased to carry on business, goes into liquidation (other than voluntary liquidation for the purpose of reconstruction or amalgamation upon terms notified in writing to the Company two (2) months before the effective date of liquidation or shall be adjudged insolvent or appoints a liquidator or if a judicial manager or a receiver shall be appointed in respect of the property or undertaking of the Manager or any part thereof or the Manager is the subject of any analogous proceedings or procedure in each case under the law of Singapore or such other law as may be applicable in the circumstances where, after the expiration of a period of three (3) months, the Company has not appointed a new manager in accordance with the Constitution;
- (e) on the expiration of three (3) months after notifying the Manager that in the Company's opinion a change of manager is desirable in the interests of the Shareholders and the Company has not found another company ready to accept the office of manager of the Sub-Fund(s) of which the Company and MAS shall approve; or
- (f) the Directors are of the opinion that it is impracticable or inadvisable to continue the relevant Sub-Fund or Class (including, without limitation to the foregoing, when in the Directors' or the Manager's opinion, the acquisition or purchase or disposal or sale of or

continued investment in the Authorised Investments is not possible, not advisable or becomes impracticable or restricted due to any reason) or where the Directors determine that termination of the relevant Sub-Fund or Class is in the best interests of Shareholders of such Sub-Fund or Class.

The Directors shall give notice of termination to the relevant Shareholders and by such notice fix the date at which such termination is to take effect, which date shall not be less than three (3) months after the service of such notice (unless otherwise stated).

Upon the Company or the relevant Sub-Fund or Class being terminated, the Directors may exercise their rights of compulsory redemption under the Constitution and the Manager may commence liquidation of the Company's and/or the relevant Sub-Fund's holdings in order to partially or fully redeem all outstanding Participating Shares of the Company or the relevant Sub-Fund or Class prior to the formal commencement of winding up proceedings. All redemptions shall be made in accordance with the Constitution, this Prospectus and the applicable provisions of the laws of Singapore.

No requests for redemption or realisation of Shares may be submitted following the termination of the Company or the relevant Sub-Fund. The Manager shall arrange the sale of all investments then comprised in each Sub-Fund being terminated and such sale shall be carried out and completed in such manner and within such period as the Manager shall consider advisable except in the event that circumstances exist as a result of which, in the sole opinion of the Manager, it is not reasonably practicable to realise all the investments comprised in the relevant Sub-Fund.

Participating Shares of the relevant Sub-Fund or Class being terminated shall be compulsorily redeemed on a date determined by the Directors and the Company shall pay (in cash or in specie, as may be determined by the Directors) to each holder of Participating Shares the Redemption Price in respect of the redeemed Participating Share and following the effective date of such compulsory redemption such Shareholder shall only have the right to receive the Redemption Price and the right to receive any declared but unpaid dividends.

23.4 Investment guidelines

The investment guidelines issued by MAS under the Code apply to the Sub-Fund(s). The specific investment guidelines and/or limits that apply to each Sub-Fund (if any) are set out in the relevant Appendix.

23.5 Valuation of a Sub-Fund

23.5.1 The Company shall calculate or procure the calculation of the Value of the Sub-Fund(s) and determine its Net Asset Value as at each Valuation Point by valuing the Sub-Fund Assets in accordance with paragraphs 23.5.2 and 23.5.3 below, and deducting the liabilities of the Sub-Fund in accordance with paragraph 23.5.3 below, as at such Valuation Point. The Company may appoint any professional person to perform such calculation, including the Administrator.

23.5.2 The Value of the Investments comprised or to be comprised in the Sub-Fund Assets shall be ascertained on the following basis:

- (a) The Value of any Investments quoted, listed or normally dealt in on a Recognised Exchange shall be determined by reference to prices for such Investments furnished by a pricing service approved by the Company and the Manager.
- (i) The pricing service shall be required to determine or estimate the price of each such Investment based on the last known transacted price or last closing price on the most appropriate Recognised Exchange at the Valuation Point.
 - (ii) Investments for which quotations are not readily available are valued at fair value as determined by the pricing service using methods which include consideration of prices of investments of comparable quality, type, expiration date, strike price, and the like; indications as to value from dealers; and general market conditions.
- (b) The Value of any Investments not quoted, listed or normally dealt in on a Recognised Exchange shall be calculated by reference to:
- (i) the initial value thereof being the amount expended in the acquisition thereof;
 - (ii) (in the case of HSBC Singapore Dollar Liquidity Fund) subject to the discretion of the Company and the Manager, a money market instrument (other than any cash, deposits and similar properties referred to in sub-paragraph (d) below) shall be valued at its purchase cost after adding or deducting an Adjustment Factor (hereinafter defined). The Adjustment Factor is derived by amortising (using the straight line method) the difference between the purchase cost and the redemption value on maturity over the remaining period (calculated in number of days) to maturity. The Adjustment Factor will be added (where the purchase cost is less than the redemption value) on maturity) or deducted (where the purchase cost is more than the redemption value on maturity) to the purchase cost of such Investment or money market instrument (as the case may be);
 - (iii) the last available prices quoted by reputable institutions in the OTC Market at the time of calculation (or at such other time as the Company may from time to time determine), and where there is no such OTC Market, the price of such Investment quoted by a person, firm or institution making a market in that Investment, if any (and if there shall be more than one such market maker, then such market maker as the Company and the Manager may designate); or
 - (iv) the sale prices of recent public or private transactions in the same or similar Investments, valuations of comparable companies or discounted cash flow analysis, as may be determined to represent the fair value of such Investment, and in the valuation of such Investment, the Company and the Manager may take into account relevant factors including without limitation, significant recent events affecting the issuer such as pending mergers and acquisitions and restrictions as to saleability or transferability.
- (c) The Value of any Investment which is a unit or share in a unit trust or mutual fund or collective investment scheme shall be valued at the latest published or available net asset value per unit or share, or if no net asset value per unit or share is published or available, then at their latest available realisation price.

- (d) Cash, deposits and similar properties shall be valued at face value (together with accrued interests) unless, in the opinion of the Company, any adjustment should be made to reflect the fair value thereof.
- (e) Notwithstanding any of the foregoing sub-paragraphs, the Company may, with prior notice to Shareholders, adjust the Value of any Investment or permit some other method of valuation to be used if, having regards to currency, applicable rates of interest, maturity, marketability and such other considerations as the Company may deem relevant, the Company considers that such adjustment or other method of valuation is required to reflect more fairly the Value of such Investment or other property.
- (f) Other Investments shall be valued in such manner and at such time or times as the Company shall from time to time agree.

23.5.3 In calculating the Value of the Sub-Fund Assets or any part thereof at any Valuation Point:

- (a) Every Share agreed to be issued in relation to an application received on or before the Dealing Deadline of a Dealing Day shall be deemed to be in issue on the Dealing Day and the Sub-Fund Assets shall be deemed to include the amount of any cash to be paid and/or received in respect of each such Share on such Dealing Day;
- (b) Where, in consequence of any redemption request duly given on or before the Dealing Deadline of a Dealing Day, the Shares in question shall be deemed not to be in issue with effect from the Dealing Day and any amount payable in cash out of the Sub-Fund Assets in pursuance of such redemption shall be deducted with effect from such Dealing Day;
- (c) Where any Investment has been agreed to be purchased or otherwise acquired or sold or otherwise disposed of but such purchase, acquisition, sale or disposal has not been completed, such Investment shall be included or excluded and the gross purchase or acquisition or net sale consideration excluded or included as the case may require as if such purchase, acquisition or sale had been duly completed on the Dealing Day immediately following the date of the agreement to so purchase or acquire or sell or dispose of the Investment;
- (d) There shall be included in the assets an amount equal to all such costs, charges, fees and expenses as the Company may have determined to amortise less the amount thereof which have previously been or are then to be written off;
- (e) Income derived from loans and deposits and from Investments bearing fixed interest shall be deemed to accrue from day to day;
- (f) The outstanding liabilities, costs and expenses attributable to a Sub-Fund shall be deducted from such Sub-Fund Assets which shall include (without limitation):
 - (i) any fees of a Service Provider (including the Management Fee) accrued up to and including the relevant time but remaining unpaid;
 - (ii) the amount of tax (if any) on gains or profits accrued up to the last financial year end of the Company but remaining unpaid and any other expenses accrued but remaining unpaid;

- (iii) the aggregate amount for the time being outstanding of any borrowing effected under the Constitution and the amount of any unpaid interest and expenses;
 - (iv) an amount equal to the Value of any Investment which is a negative amount;
 - (v) any other costs or expenses payable but not paid which are expressly authorised by any of the provisions of the Constitution to be payable out of the Sub-Fund Assets;
 - (vi) an appropriate allowance for any contingent liabilities; and
 - (vii) there shall be taken into account such sum (if any) as in the estimate of the Company will fall to be paid or reclaimed in respect of taxation related to income and transactions prior to or on the relevant Dealing Day; and
- (g) Liabilities shall (where appropriate) be treated as accruing from day to day.

In respect of this paragraph, the Value of the proportion of the Sub-Fund Assets attributable to each Class shall be calculated by apportioning the Value of the relevant Sub-Fund Assets (obtained in accordance with sub-paragraphs 23.5.2 and 23.5.3 provided that no deduction or addition shall be made in respect of expenses, charges or other amounts which are not common to all the Classes) between the Classes and then deducting from or adding to the Value of the proportion of the Sub-Fund Assets for each Class any expense, charge or other amount attributable to such Class (including, but not limited to, the Management Fee or any other fee, if it differs between the Classes). For the avoidance of doubt, where any expense, charge or amount payable out of or payable into the Sub-Fund Assets pursuant to the Constitution or this Prospectus is attributable only to a particular Class, such amount shall only be deducted from or added to the value of the Sub-Fund Assets which is attributable to that Class and shall not affect the calculation of the Value of the Sub-Fund Assets attributable to the other Classes.

23.6 General Meetings

Shareholders' meetings may be convened by the Directors or by Shareholders representing at least 10% of the Shares in issue in accordance with the Act and the Constitution, on not less than 21 calendar days' notice (exclusive of the date of the notice and the date of the meeting) in respect of a meeting where a Special Resolution is to be proposed and 14 calendar days' notice (exclusive of the date of the notice and the date of the meeting) in respect of a meeting where an Ordinary Resolution is to be proposed.

The voting rights conferred to the Participating Shareholders can be found in paragraph 1.3 of this Prospectus.

23.7 Amendments to the Constitution

Subject to the Constitution, this Prospectus and the Act, the Company may at any time and from time to time by Ordinary Resolution alter or amend this Constitution in whole or in part.

Notwithstanding the above, the Directors may, without approval of the Shareholders, by Board Resolutions alter the following in the Constitution:

- (a) any alteration for the purpose of establishing a Sub-Fund or modifying the name, provisions or terms relating to any Sub-Fund;
- (b) any alteration to reflect any appointment or change of the Manager;
- (c) any alteration that does not prejudice the interests of any Member, and does not release to any material extent the Manager or any Director from any responsibility to the Members;
- (d) any alteration that is necessary for the purpose of complying with any order of court, law, direction of a public authority, code of conduct or other quasi-legislation; and
- (e) the removal of an obsolete provision or the correction of any manifest error.

23.8 Remuneration of Manager

The Manager shall, in addition to any other amounts which it is entitled to receive or retain for its own use and benefit under the Constitution, be entitled to receive for its own account out of the Sub-Fund Assets as soon as practicable after the last Dealing Day in each month in each year, commencing with the month in which the initial Shares of a Sub-Fund are issued (until, upon determination of such Sub-Fund, the final distribution shall have been made upon a winding up of the Sub-Fund), the amount of Management Fee payable in respect of such month accrued and remaining unpaid in accordance with the terms of the Management Agreement. The Management Fee shall accrue on a daily basis.

The Management Fee for the Sub-Fund(s) is set out in the relevant Appendix. The amount of the Management Fee shall not exceed the maximum set out therein, provided that:

- (a) the Manager may at any time charge a smaller percentage at its sole discretion, and on giving notice to the Company and at least one (1) month's prior notice to the Shareholders, increase it to a larger percentage not greater than the percentage permitted under the Management Agreement;
- (b) the Manager may, on giving notice to the Company, at any time alter the dates of payment and basis of accrual provided that, in the opinion of the Company, it does not materially prejudice the interests of the Shareholders and at least one (1) month's prior notice is given to the Shareholders (if required under the Code); and
- (c) the Manager may not increase the Management Fee to a percentage greater than the percentage permitted under the Management Agreement or change the structure of the fees payable to the Manager without the sanction of a Special Resolution of Participating Shareholders.

23.9 Costs and Expenses payable by the Company, or by the relevant Sub-Fund or Class

The following is a summary of the fees, costs and expenses which under the provisions of the Constitution, the Company shall be entitled to make payment out of the Sub-Fund Assets to the extent they have been incurred in relation to any Sub-Fund or Class:

- (a) all fees paid to MAS in connection with or arising out of any Sub-Fund and/or its authorisation pursuant to the SFA and, if and for so long as such Sub-Fund is designated as a CPFIS Included Fund all fees paid to the CPF Board and its agents in connection with the Sub-Fund being designated as a CPFIS Included Fund;
- (b) any costs, fees and expenses to be paid under any data supply contracts entered into by the Company and/or the Manager in respect of any Sub-Fund;
- (c) all fees and expenses to be paid to liquidity providers (including, without limitation, any stipends or incentives to be paid to the designated market makers of a Sub-Fund);
- (d) all stamp and other duties, taxes, governmental charges, brokerage, commissions, exchange costs and commissions and bank charges in relation to transactions involving the whole or any part of a Sub-Fund Asset or on the creation, cancellation or redemption of Shares or payable in respect of the Constitution;
- (e) all professional fees relating to the agreeing and/or contesting of taxation liabilities or recoveries to be discharged out of or paid into a Sub-Fund;
- (f) the fees and expenses of the Manager, pursuant to the terms of the Management Agreement entered into by the Company with the Manager;
- (g) the fees and expenses of any person acting as the registrar, the Administrator and the Custodian, pursuant to the terms of the agreements entered into by the Company and/or the Manager with the registrar, the Administrator or the Custodian respectively or any other Service Provider appointed by the Company;
- (h) the charges, expenses and disbursements of any legal counsel, accountant, auditor, sub-manager, investment adviser, valuer, broker or other professional person appointed by the Company or the Manager in connection with their respective duties in relation to the Company or Sub-Fund and/or the management and administration of the Company Assets or Sub-Fund Assets;
- (i) all charges, expenses and disbursements incurred in relation to the safe-custody, acquisition, holding, realisation of or other dealing with any investment for the account of any Sub-Fund (including, without limitation, bank charges, Duties and Charges, telex and facsimile and other communication charges);
- (j) all charges and expenses incurred by the Company or the Manager insuring the assets and property of the Company or any Sub-Fund;
- (k) all charges and expenses incurred by the Company or the Manager in conducting legal proceedings or applying to any court for any purposes related to the Company or any Sub-Fund;
- (l) all charges and expenses incurred by the Company or the Manager in communicating with each other and with Shareholders, the registrar, the Custodian, the Administrator, the participating dealers (if applicable) or otherwise in relation to any Sub-Fund;
- (m) all charges and expenses incurred by the Company or the Manager in connection with

the meetings of Members of the Company or any Sub-Fund or any Class;

- (n) the fees and expenses incurred by the Company or the Manager in obtaining and/or maintaining the listing of Shares on or delisting the Shares from the SGX-ST or any other securities exchange (if applicable), and/or the authorisation or other official approval or sanction of any Sub-Fund under the SFA or any other law or regulation in any part of the world and/or the designation of any Sub-Fund as a CPFIS Included Fund or the establishment of the Sub-Fund by, and all filing or submission fees payable to ACRA under the Act;
- (o) (in respect of any Sub-Fund listed on the SGX-ST) the fees, costs, charges and expenses incurred in connection with depositing and holding Shares in the CDP (including, without limitation, (i) the fees, costs, charges and expenses of or charged by the CDP arising out of or in connection with any services to be provided by the CDP in relation to any Sub-Fund or the Shares and (ii) the fees, costs, charges and expenses incurred by the Company or the Manager in the performance of their respective duties or obligations under any agreement with the CDP in relation to any Sub-Fund or the Shares);
- (p) all costs incurred in respect of the calculation and publication of the Net Asset Value and/or the Subscription Price and the Redemption Price and/or prices for Shares and/or the suspension of creations and issues and redemptions of Shares in such newspaper or newspapers in Singapore and elsewhere as the Company or the Manager may from time to time think fit;
- (q) to the extent permitted by the Code, all costs incurred in respect of the maintenance of a website or webpage dedicated entirely to the Company or Sub-Fund;
- (r) all fees, costs and expenses incurred in respect of preparing, printing, distributing and updating this Prospectus and the product highlights sheet for the Company or a Sub-Fund, and any supplementary and replacement prospectuses relating to the Company a Sub-Fund;
- (s) all fees, costs and expenses incurred in respect of preparing any amended Constitution and in respect of preparing any agreement in connection with the Company or Sub-Fund;
- (t) all costs incurred in respect of the preparation, publication and distribution of the audited accounts and unaudited interim accounts in accordance with the provisions of the Constitution and of all cheques, statements, notices and other documents relating to the Company or Sub-Fund;
- (u) all fees and expenses incurred in connection with the retirement or removal of the Manager or the appointment of a new manager for the Company;
- (v) all fees and expenses of the Auditors in connection with the Company or Sub-Fund;
- (w) all fees and expenses incurred in connection with the retirement or removal of the Auditors or the appointment of new auditors for the Company;
- (x) all expenses incurred in the collection of income for a Sub-Fund;

- (y) all costs and expenses associated with the distributions declared for any Sub-Fund or Class (including, without limitation, costs and expenses payable in connection with the delivery of distributions to the CDP, if applicable);
- (z) all fees and expenses incurred by the Company or the Manager in establishing or in winding up the Company or any Sub-Fund or Class, including the fees of the liquidator appointed and all expenses relating to the winding up (including publication in any newspaper);
- (aa) all other reasonable costs, charges and expenses which in the opinion of the Company or the Manager are properly incurred in the administration of the Company, a Sub-Fund, the Company Assets and the Sub-Fund Assets and pursuant to the performance of their respective duties under the Constitution;
- (bb) all GST paid or to be paid in respect of services rendered to or by the Company or the Manager;
- (cc) any other fees or charges expressly provided by the Constitution (including but not limited to the remuneration of the Directors (if any) and Secretary) or disclosed in this Prospectus to be paid out of the Company Asset or Sub-Fund Asset;
- (dd) all taxation payable in respect of income or the holding of or dealings with the Company Asset or Sub-Fund Asset;
- (ee) all fees and expenses incurred by the settlement agent and/or trading agent appointed in respect of any investments by any Sub-Fund;
- (ff) in the case of a Sub-Fund investing in any Underlying Fund, all expenses, charges and fees chargeable by the Underlying Fund if such expenses, charges and fees are chargeable to all the shareholders or unitholders of the Underlying Fund; and
- (gg) such other items as may be authorised or permitted by the Constitution or this Prospectus,

provided that if any fee, cost or expense is incurred for the benefit of several Sub-Funds, as determined by the Directors, such fee, cost or expense shall be allocated fairly and proportionately to, and shall be borne by, each such Sub-Fund at the discretion of the Directors.

23.10 Anti-Dilution Mechanisms

When investors buy or sell Shares in a Sub-Fund, the Manager and the sub-manager (if any) may need to buy or sell the underlying investments within the Sub-Fund. Without an anti-dilution mechanism to take account of these transactions, all Shareholders in the Sub-Fund would pay the associated costs of buying and selling these underlying investments. These transaction costs can include, but are not limited to, bid-offer spreads, brokerage and taxes on transactions.

There are two anti-dilution mechanisms available to each Sub-Fund, a pricing adjustment and an anti-dilution levy, both mechanisms aim to protect Shareholders in a Sub-Fund.

Pricing Adjustment

The pricing adjustment aims to mitigate the effect of transactions costs on the Net Asset Value per Shares of a Sub-Fund incurred by significant net subscriptions or redemptions.

The pricing adjustment mechanism has three main components:

1. A threshold rate
2. A buy adjustment rate
3. A sell adjustment rate

These components may be different for each Sub-Fund.

The Company uses a partial swing pricing adjustment which means that the pricing adjustment is triggered when the difference between subscriptions and redemptions, as a percentage of the Sub-Fund's Net Asset Value, exceeds the threshold on any particular Dealing Day. The Net Asset Value of the Sub-Fund will be adjusted up or down using the adjustment rates (buy adjustment rate for net subscriptions or sell adjustment rate for net redemptions).

The adjustment of the Net Asset Value per Share will apply equally to each Class of Share in a specific Sub-Fund on any particular Dealing Day. The pricing adjustment is applied to the capital activity at the level of a Sub-Fund and does therefore not address the specific circumstances of each individual investor transaction.

If it is in the interests of Shareholders, when the net capital inflows or outflows in a Sub-Fund exceeds a predefined threshold agreed from time to time by the Board of Directors, the Net Asset Value per Share may be adjusted in order to mitigate the effects of transaction costs. Under normal market conditions, this adjustment will not exceed 2%. However, it may be significantly higher during exceptional market conditions such as periods of high volatility, reduced asset liquidity and market stress.

The pricing adjustment rates are reviewed on at least a quarterly basis by the relevant investment management team and agreed with the local risk team. The swing threshold rates are reviewed on at least a yearly basis.

Recommendations to adjust the pricing adjustment rates and thresholds are made through the respective Pricing/Valuation committee and submitted to the Manager for consideration and review. In the event that the proposal is accepted, the Manager will implement the changes at the next available opportunity.

Anti-Dilution Levy

The anti-dilution levy aims to mitigate the effect of transactions costs on the Net Asset Value of a Sub-Fund incurred by net subscriptions or redemptions.

The anti-dilution levy has three main components:

1. A threshold rate
2. A buy rate
3. A sell rate

These components may be different for each Sub-Fund.

The anti-dilution levy is triggered when the difference between subscriptions and redemptions, as a percentage of the Sub-Fund's Net Asset Value, exceeds the threshold on any particular Dealing Day. In the case of net capital inflows, the anti-dilution levy will be deducted from each subscription amount and accordingly reduce the number of Shares received by an investor or, in the case of net capital outflows, will be deducted from each redemption amount and accordingly reduce the redemption proceeds received by an investor.

The amount of the anti-dilution levy may be reduced or waived at the discretion of the Board of Directors.

The anti-dilution levy may be up to a maximum of 2% in order to mitigate the effects of transaction costs.

Details of which anti-dilution mechanism is in operation for a particular Sub-Fund can be obtained from the Manager.

Should the Company decide to change the anti-dilution mechanism in operation for a Sub-Fund (i.e. from a pricing adjustment to an anti-dilution levy or vice versa), prior approval will be sought from relevant regulators (where required) and affected investors will receive at least one month's prior written notification.

Liquidity Fee (applicable to HSBC Singapore Dollar Liquidity Fund only)

A Liquidity Fee shall be imposed under the following circumstances:-

1. A Liquidity Fee of up to 3% of the Net Asset Value per Share may be charged at the discretion of the Company or the Manager. Such a Liquidity Fee would only be charged in exceptional circumstances, such as during periods of severe market stress, when the cost of liquidating assets to meet redemption requests may result in material losses to the Sub-Fund, to the disadvantage of shareholders who remain invested in the Sub-Fund.
2. The Company reserves the right to charge a Liquidity Fee of 0.10% of the Net Asset Value per Share which will be deducted from the redemption proceeds on any Dealing Day if the Company or the Manager in their absolute discretion determines that the Shareholder is purchasing or selling Shares in a Sub-Fund on considerations of a short term nature or for trading or arbitrage purposes or in exceptional circumstances. The total maximum Liquidity Fee that may be levied on any Dealing Day will not exceed 3% of the Net Asset Value per Share.

23.11 Securities Lending and/or Repurchase Transactions

Subject to the provisions of the Code and the limits and/or restrictions (if any) applicable to EIP, each Sub-Fund may carry out securities lending and/or repurchase transaction on transferable securities and money market instruments for the sole purpose of efficient portfolio management, subject to the following limits:-

- (a) The collateral of the securities lending or repurchase transactions should exceed the market value of the transferable securities or money market instruments transferred;

- (b) The counterparty would be required to provide additional collateral to the Sub-Fund or its agent no later than the close of the next Business Day when the current value of the eligible collateral tendered for the securities lending or repurchase transactions falls below the required collateral requirements;
- (c) For the purposes of securities lending and repurchase transactions, collateral may only consist of:
 - (i) cash;
 - (ii) money market instruments; or
 - (iii) bonds.

For the purpose of the above, money market instruments and bonds should be issued by, or have the benefit of a guarantee from, an entity or trust that has a minimum long-term rating of A by Fitch, A by Moody's or A by Standard and Poor's (including sub-categories or gradations therein) (collectively, "**eligible collateral**").

Notwithstanding the above, securitised debt instruments as well as money market instruments or bonds with embedded financial derivatives are not eligible as collateral;

- (d) The counterparty is a financial institution subject to prudential supervision by a financial supervisory authority in its home jurisdiction and has a minimum long-term rating of A by Moody's, A by Standard and Poor's or A by Fitch (including sub-categories or gradations therein). Alternatively, where the counterparty is not rated, it is acceptable if an entity which has and maintains a rating as stated above indemnifies a Sub-Fund against losses suffered as a result of the counterparty's failure; and
- (e) The Manager may lend the securities of the Sub-Fund to its related corporations and/or any third party and such transactions will be carried out on an arm's length basis. There will be no revenue sharing arrangement between the Sub-Fund and the Manager and no income will be accrued by the Manager.

Risks relating to securities lending or repurchase transactions

Securities lending or repurchase transactions involve counterparty risk/credit risk, liquidity risk, sufficiency of collateral risk, collateral investment risk, delivery risk and operational risk, as described below:

- (a) Counterparty risk/credit risk refers to the risk when a counterparty defaults on its obligations by becoming insolvent or otherwise being unable to complete a transaction.
- (b) Liquidity risk is the risk that the counterparty cannot settle an obligation for the full value when it is due, but would be able to settle on some unspecific date thereafter. This may affect the ability of a Sub-Fund to meet its redemption obligations and other payment commitments.
- (c) Sufficiency of collateral risk. Following a default by a counterparty, a Sub-Fund can sell its collateral in the market to raise funds to replace the lent securities. It will suffer a loss if the value of the collateral securities falls relative to the lent securities.

- (d) Collateral investment risk. The value of the securities in which the Manager invests the cash collateral may decline due to fluctuations in interest rates or other market-related events.
- (e) Delivery risk occurs both when securities have been lent and collateral has not been received at the same time or prior to the loan, and when collateral is being returned but the loan return has not been received.
- (f) Operational risk is risk that the custodian or the lending agent did not administer the program as agreed. This includes the failure to mark to market collateralization levels, call for additional margin, or to return excess margin and to post corporate actions and income including all economic benefits of ownership.

23.12 Use of credit rating agencies

As the Manager may rely on ratings issued by credit rating agencies on the investments,

- (i) the Manager has established a set of internal credit assessment standards and has in place a credit assessment process to ensure that the investments are in line with these standards; and
- (ii) information on the Manager's credit assessment process will be made available to the investors upon request.

23.13 Liquidity risk management

The Manager and the sub-manager (if any) (each a "manager" and collectively referred to in this paragraph as "managers") have each established a liquidity risk management policy which enables the identification, monitoring and management of the liquidity risks of the Sub-Fund(s) and to ensure that the liquidity profile of the investments of the Sub-Fund(s) will facilitate the Company's ability to meet redemption requests. Such policy, combined with the liquidity management tools of the managers, also seeks to achieve fair treatment of Shareholders and safeguard the interests of remaining Shareholders in case of sizeable redemptions.

The managers' liquidity risk management policy takes into account the investment strategy, the liquidity profile, the redemption policy, the dealing frequency, the ability to enforce redemption limitations of the Sub-Fund(s). These measures seek to ensure fair treatment and transparency for all investors.

The liquidity risk management policy involves monitoring the liquidity profile of investments held by the Sub-Fund(s) on an on-going basis to ensure that such investments are appropriate to the redemption policy, and will facilitate compliance with the Company's obligation to meet redemption requests. Further, the liquidity risk management policy includes details on periodic stress testing carried out by the managers to assess the liquidity risk of the Sub-Fund(s) under normal and exceptional market conditions.

As a liquidity risk management tool, the Company may limit the number of Shares to be realised or cancelled on any Dealing Day to 10% of the total number of Shares then in issue for the relevant Class in accordance with paragraph 13.6 of this Prospectus. The Company may also suspend dealing in certain circumstances as stated in paragraph 16 of this Prospectus. In addition, the Manager may also apply the anti-dilution mechanism and has the right to impose

a Liquidity Fee on a redeeming investor as described in paragraph 23.10 of this Prospectus.

23.14 HSBC Asset Management Responsible Investment Policies

HSBC Asset Management's Responsible Investment policies govern the Company's approach to sustainability and the implementation of responsible investment practices and Net-Zero commitments.

In line with HSBC Asset Management's Responsible Investment Policies, the companies and/or issuers into which the Sub-Fund(s) invests may be subject to stewardship & engagement efforts and due diligence checks. The Sub-Fund(s) may also be subject to the application of investment exclusions. These are referred to as "Excluded Activities".

ESG Credentials, Excluded Activities and the need for due diligence may be identified and analysed by using, but not exclusively, HSBC's proprietary ESG Materiality Framework and ratings, fundamental qualitative research and corporate engagement. HSBC Asset Management may rely on expertise, research and information provided by financial and non-financial data providers.

HSBC Asset Management uses third party data providers to monitor the exposure of companies and issuers to certain activities and / or breaches of standards before they are considered for inclusion in a Sub-Fund's portfolio, and they will continue to be monitored throughout the term that the investments are held. While HSBC Asset Management will assess such third party data providers with regard to the accuracy of their data and quality of judgement, it is not possible to guarantee their accuracy or timeliness. HSBC Asset Management may choose to disregard any data or scoring it receives on a company or issuer held within a Sub-Fund's portfolio or which is being considered for investment by a Sub-Fund, where HSBC Asset Management's due diligence suggests the information provided by the third party data provider may be inaccurate, incomplete or disproportionate.

Shareholders should be aware that, where a Sub-Fund invests into other funds or sub funds which may include those managed by HSBC, there is a risk that the underlying fund or sub fund will have exposure to companies or issuers that would otherwise be excluded by the Responsible Investment policies of the investing sub-fund.

The Sustainability Policies applicable to the Sub-Funds of the Company may be amended from time to time. Any investor relying on the information contained in the sustainability policies should ensure they refer to the latest version which is available on our website at: www.assetmanagement.hsbc.com/about-us/responsible-investing.

24. Queries and Complaints

If you have questions concerning the Company or any Sub-Fund, you may call the Company or the Manager at (65) 6658 2900.

25. Glossary

"Act" means the Variable Capital Companies Act 2018;

"**Authorised Investments**" refers to the Investments that a Sub-Fund is authorised to invest in, as set out in the relevant Appendix;

"**Business Day**" means any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks in Singapore and Hong Kong are open for business, or such other day or days as the Company may determine from time to time;

"**Class**" means a class of Shares and/or sub-class of a class of Shares issued by each Sub-Fund;

"**Connected Persons**" has the meaning ascribed to it under the SFA, and in relation to –

- (a) an individual, means –
 - (i) the individual's spouse, son, adopted son, step-son, daughter, adopted daughter, step-daughter, father, step-father, mother, step-mother, brother, step-brother, sister or step-sister; and
 - (ii) a firm, a limited liability partnership or a corporation in which the individual or any of the persons mentioned in sub-paragraph (i) has control of not less than 20% of the voting power in the firm, limited liability partnership or corporation, whether such control is exercised individually or jointly; or
- (b) a firm, limited liability partnership or a corporation, means another firm, limited liability partnership or corporation in which the first mentioned firm, limited liability partnership or corporation has control of not less than twenty per cent. (20%) of the voting power in that other firm, limited liability partnership or corporation;

"**Dealing Day**", in relation to the issuance, cancellation and redemption of Shares of a Sub-Fund, means every Business Day (or such other day or days as the Company may determine from time to time), subject to such investor complying with the Dealing Deadline applicable to the Dealing Day;

"**Dealing Deadline**" means 10:30 a.m. (Singapore time) on the relevant Dealing Day, for purposes of the subscription of Shares or redemption of Shares on any Dealing Day (or such other time as the Company may determine);

"**Duties and Charges**" means, in relation the subscription and/or redemption of Shares, the duties and charges that the Company is entitled to charge for the account of a Sub-Fund which would be used to defray the Sub-Fund's costs in the form of stamp duties, brokerage fees, bank charges, transfer fees, registration fees, clearing fees and taxes and any other duties, charges and levies in investing cash for assets or realising the Sub-Fund Assets for cash, to prevent the Net Asset Value of the Sub-Fund from being diluted by the high transactional costs which would be incurred by the Sub-Fund. The Company may, in its absolute discretion, waive either absolutely or subject to such conditions as it deems fit all or part of the Duties and Charges;

"**Excluded Investment Products**" or "**EIP**" means any capital markets products that belong to a class of capital markets products listed in the Schedule to the Securities and Futures (Capital Markets Products) Regulations 2018;

"Investment", in relation to a Sub-Fund, means any permissible investment set out in the Code, including any shares, stocks, bonds, notes, debentures, debenture stocks, loan stocks or other debt securities, units or sub-units in any unit trust scheme, shares or interests or participations in a mutual fund or any collective investment scheme, warrants or other stock purchase rights, futures, options, forwards, swaps, collars, floors or other derivatives, loans convertible into securities, money market instruments, certificates of deposit, banker's acceptances, commercial papers, promissory notes, treasury bills, indexes and forward currency exchange contracts or any other securities which may be selected by the Manager for the purpose of investment for and on behalf of a Sub-Fund or which may for the time being form part of the Sub-Fund Asset or Sub-Fund Liability;

"Management Fee" means the fees payable to the Manager pursuant to the Management Agreement entered into between the Manager and the Company;

"Management Shares" means the management shares in the capital of the Company issued subject to and in accordance with the Act and the Constitution and having the rights and subject to the restrictions provided for in the Constitution, and as may be further described in this Prospectus;

"Member" or **"Shareholder"** means a registered holder of Shares in the Company or a registered holder of Shares in the Company in respect of a particular Sub-Fund, as the case may be;

"Minimum Subscription Amount", in relation to each Sub-Fund, means such number of Shares as specified in the relevant Appendix of this Prospectus or such other number of Shares or investment amount as may be determined from time to time by the Company;

"Minimum Redemption Amount", in relation to each Sub-Fund, means such number of Shares as specified in the relevant Appendix of this Prospectus or such other number of Shares or realisation/redemption amount as may be determined from time to time by the Company;

"Net Asset Value" or **"NAV"** means net asset value calculated by reference to the provisions and principles set out in paragraph 23.5 this Prospectus;

"Notice on the Sale of Investment Products" means MAS Notice SFA 04-N12: Notice on the Sale of Investment Products (as may be amended from time to time);

"Notice on Recommendations on Investment Products" means MAS Notice FAA-N16: Notice on Recommendations on Investment Products (as may be amended from time to time);

"Ordinary Resolution" means a resolution passed by a simple majority of the votes cast by the Managers as, being entitled to do so, vote in person or by proxy at a General Meeting of the Company (and includes any resolution in writing signed in accordance with the Constitution);

"OTC Market" means any organised over-the-counter market or over-the-telephone market which is of good repute and open to the public in any country in any part of the world, and in relation to any particular Authorised Investment shall be deemed to include any responsible firm, corporation or association in any country in any part of the world dealing in the Authorised Investment which the Manager may from time to time elect;

"Participating Shares" means the participating shares in the capital of the Company or in respect of a particular Sub-Fund, as the case may be, issued subject to and in accordance with the Act and the Constitution and having the rights and subject to the restrictions provided for in the Constitution, and as may be further described in this Prospectus. For the avoidance of doubt, if the Company has constituted one or more Sub-Funds, the Participating Shares of each Sub-Fund participate only in the assets and liabilities of that particular Sub-Fund as a collective investment scheme segregated from any other Sub-Fund or Sub-Funds;

"Recognised Exchange" means an internationally recognised stock or investment exchange or marketplace which is regulated, operates regularly and is open to the public and which is approved by the Company;

"Redemption Charge" means charge upon the redemption of a Share of any Sub-Fund levied and retained by the distributors and/or the Manager and/or the Company of such amount as shall from time to time be fixed by the Company generally or in relation to any specific or class of transaction provided that it shall not exceed five per cent. (5%) of the redemption proceeds per Share (or such other lower percentage as the Company may determine);

"Redemption Price" means, in relation to a Share (or in relation to a particular Class), the price equal to the applicable Net Asset Value per Share in the capital of the Company or in respect of a particular Sub-Fund or Class, as the case may be, as adjusted (to the extent required) by adding to such price or subtracting from such price such fees and charges as may be determined by the Directors, as may be further described in this Prospectus;

"Securities and Futures Act" or **"SFA"** means Securities and Futures Act 2001;

"Service Provider" means the service providers to the Company (including the Manager) as may be appointed by the Company or the Manager from time to time;

"SGD" means the lawful currency of the Republic of Singapore;

"Special Resolution" means a resolution passed by not less than 75 per cent of the votes cast by the Members as, being entitled to do so, vote in person or by proxy at a General Meeting of the Company (and includes any resolution in writing signed in accordance with the Constitution);

"Sub-Fund Asset(s)" means an asset of the Company in respect of or attributable to or allocated or held by the Company for the purpose of a Sub-Fund;

"Sub-Fund Liability(ies)" means a liability of the Company in respect of or attributable to or allocated or incurred by the Company for the purpose of a Sub-Fund;

"Subscription Charge" means a charge levied and retained by the distributors and/or the Manager and/or the Company upon the issue of a Share of any Sub-Fund of such amount as shall from time to time be fixed by the Company generally or in relation to any specific or class of transaction provided that it shall not exceed five per cent. (5%) of the Gross Investment Amount;

"Subscription Price" means, in relation to a Share (or in relation to a particular Class): (a) during the Initial Offer Period applicable to such Share, the initial offer price for such Share as the Directors may from time to time determine; and (b) after the Initial Offer Period applicable to

such Share, the price equal to the applicable Net Asset Value Per Share in the capital of the Company or in respect of a particular Sub-Fund or Class, as the case may be, as adjusted (to the extent required) by adding to such price or subtracting from such price such fees and charges as may be determined by the Directors, as may be further described in this Prospectus;

"Underlying Fund" means a mutual fund company or a sub-fund of a mutual fund company or a unit trust or a sub-fund of a unit trust or any other collective investment scheme, from time to time invested into by a relevant Sub-Fund and **"Underlying Funds"** shall be construed accordingly;

"USD" or **"US\$"** means the lawful currency of the United States of America;

"Valuation Point" means, in relation to a Dealing Day, the close of business of the last relevant market on the Business Day immediately preceding the relevant Dealing Day or such other time or times as from time to time determined by the Company (who shall determine if Shareholders should be notified of such change) provided that there shall always be a Valuation Point on each Dealing Day; and

"Value" means with reference to the Sub-Fund Asset or any part thereof, its net asset value, or with reference to any asset or liability comprised or to be comprised in the Sub-Fund Asset (except where otherwise expressly stated) the value thereof, calculated by reference to the provisions and principles set out in paragraph 23.5 of this Prospectus.

APPENDIX 1

HSBC SINGAPORE DOLLAR LIQUIDITY FUND (Sub-Fund Registration No. T24VC0092F-SF001)

This Appendix sets out the details of HSBC Singapore Dollar Liquidity Fund, a sub-fund of the Company (referred to in this Appendix as the "**Sub-Fund**").

1. **Structure of the Sub-Fund**

The Sub-Fund is constituted in Singapore and is an authorised open-ended collective investment scheme with no fixed duration. The base currency of the Sub-Fund is SGD.

Currently, the Share Classes established within the Sub-Fund are as follows:

- Class LA (acc) Shares
- Class LE (dist) Shares
- Class LF (acc) Shares
- Class LG (dist) Shares
- Class LH (acc) Shares
- Class LZ (acc) Shares

Class LA and LE Shares are available for subscription by all investors.

Class LF, LG and LH Shares are only available to institutional clients and such other person as the Company may from time to time determine in its sole discretion.

Class LZ Shares are only available to institutional clients who have entered into a discretionary management agreement with the Company, and/or such other person as the Company may from time to time determine in its sole discretion.

2. **Investment Objective**

The Sub-Fund aims to preserve capital and provide daily liquidity together with an investment return that is comparable to normal Singapore Dollar denominated money market interest rates.

3. **Investment Focus and Approach**

The Sub-Fund is a short-term money market fund which seeks to achieve its investment objective by investing in a diversified portfolio of SGD-denominated high quality money market instruments and debt securities. This may include government bonds, treasury bills, corporate bonds, commercial paper, certificates of deposit, commercial bills, and deposits with eligible financial institutions (as defined in Appendix 2 of the Code) and other corporations. These instruments will be fixed or floating-rate securities with a maturity of 397 days or less. The Sub-Fund will maintain a weighted average maturity that will not exceed 60 days and a weighted average life that does not exceed 120 days. The Sub-Fund's investments will, at the time of purchase, have a credit rating of at least F-1 or P-1 (or its equivalent) from a recognised credit rating agency, such as Fitch or Moody's.

The Sub-Fund may use derivatives for the purpose of hedging only.

The Sub-Fund may enter into reverse repurchase agreements for efficient portfolio management

purposes.

The Sub-Fund is not capital protected, capital guaranteed or principal protected.

4. Investment style and benchmark usage

The reference benchmark of the Sub-Fund is the Singapore Overnight Rate Average (SORA). The Sub-Fund is actively managed and does not track its reference benchmark. The reference rate is used for performance comparison only and is not a target for return.

5. Authorised Investments and Excluded Investment Product (“EIP”) Classification

5.1 Authorised Investments

The Sub-Fund is authorised to invest in any Investment or other property, assets or rights for the time being approved by MAS for investment subject to compliance with the provisions of Appendix 1 of the Code and to the extent allowed under the Notice on the Sale of Investment Products, the Notice on Recommendations on Investment Products and the Securities and Futures (Capital Markets Products) Regulations 2018 (as may be amended from time to time) for the purpose of classifying Shares of the Sub-Fund as Excluded Investment Products and prescribed capital markets products (“**Authorised Investments**”).

5.2 EIP Classification & Investment Restrictions

The Sub-Fund is subject to the investment and borrowing restrictions of the Code issued by MAS. The Sub-Fund will not invest in any product nor engage in any transaction which may cause the Sub-Fund not to be regarded as an EIP or prescribed capital markets product and may only invest in EIPs or prescribed capital markets products.

The Sub-Fund may engage in reverse repurchase transactions where such reverse repurchase transactions are carried out for efficient portfolio management purposes and does not amount to more than 50% of the Net Asset Value of such Sub-Fund (or such other percentage level as may be determined from time to time by the Manager), and is in accordance with the Notice on the Sale of Investment Products, the Notice of Recommendations on Investment Products and the Securities and Futures (Capital Markets Products) Regulations 2018 (for as long as the Shares are EIP). Further details relating to repurchase transactions are set out in paragraph 23.11.

5.3 Investment Guidelines / Limits

As the Sub-Fund is a short-term money market fund, the investment guidelines issued by MAS under Appendices 1 and 2 of the Code apply to the Sub-Fund.

The Sub-Fund will not invest in companies and/or issuers the Manager considers to be involved in the development, production, use, maintenance, offering for sale, distribution, import or export, storage or transportation of banned weapons.

The Sub-Fund will not participate in IPOs or primary fixed income financing by companies and/or issuers the Manager considers to be engaged in the expansion of thermal coal production.

6. Sub-Manager

The Manager has appointed HSBC Global Asset Management (Hong Kong) Limited, with its registered address at Level 22, HSBC Main Building, Queen's Road Central, Hong Kong SAR, as the sub-manager of the Sub-Fund (the "**Sub-Manager**"), via a Sub-Management Agreement in relation to the Sub-Fund.

HSBC Global Asset Management (Hong Kong) Limited was established in Hong Kong SAR in 1973 and has over 30 years of experience in managing discretionary funds and collective investment schemes. As at June 2024, it had USD 87 billion worth of assets under management. The regulatory authority is Securities and Futures Commission of Hong Kong SAR.

The fees of the Sub-Manager are paid by the Manager out of the Management Fee and are not paid out of the Sub-Fund Assets.

The Sub-Manager will remain as sub-manager of the Sub-Fund until the appointment is terminated in accordance with the terms of the Sub-Management Agreement. In the event that the Sub-Manager becomes insolvent, the Manager may by notice in writing terminate the Sub-Manager and appoint such other person (if any) as sub-manager to provide sub-management services to the Sub-Fund.

You should note that past performance of the Sub-Manager is not necessarily indicative of the future performance of the Sub-Manager.

7. Distribution and product suitability

7.1 Distribution policy

Distributing Shares: Distributing Shares are identifiable by "dist" (e.g. Class LA (dist)) and may be offered with the following dividend declaration/payment frequencies (annual/semi-annual/quarterly/monthly), at the discretion of the Company. For Distributing Share Classes, the net income attributable to that Class will be distributed to Shareholders. Distributions (if any) are at the absolute discretion of the Directors and are not guaranteed. The Directors shall have the absolute discretion to determine whether a distribution of income and/or capital gains and/or capital is to be made in respect of any Class.

It is the intention of the Directors that all or part of the net income and/or net realised capital gain (collectively "**Net Income**") of the Sub-Fund which is attributable to Distribution Share Classes, if any, will be declared as dividend. Unrealised capital gains will not be declared as dividend. It is intended that dividend (if any) will be declared daily and paid to entitled investors monthly, or at such other declaration and/or payment frequency as the Directors may determine. The Sub-Fund does not distribute capital as dividends.

The Directors have the discretion not to declare any dividend even when the Net Income of the Distribution Share Class is positive. Unless investors have opted for reinvestment, dividends declared in a calendar month will normally be paid to investors in cash within 3 Business Days of the end of each month.

Accumulation Shares: Capital accumulation Shares are identifiable by "acc" following the Sub-Fund and Class names (e.g. Class LA (acc)). For Accumulating Share Classes, the net income attributable to that Class is retained and reflected in the price of Shares and not paid out.

7.2 Product suitability

The Sub-Fund is only suitable for investors who:

- (a) aim to preserve capital; and
- (b) are looking for daily liquidity together with an investment return that is comparable to normal Singapore Dollar denominated money market interest rates.

8. **Initial Offer Period and initial issue price**

The initial issue price of all the Share Classes in the Sub-Fund is SGD 1.000 during the Initial Offer Period when the relevant Class is available for subscription. The Initial Offer Period will be on such period or day as may be determined by the Directors from time to time.

The Company reserves the right not to proceed with the launch of the Sub-Fund if:-

- (i) the capital raised for such Sub-Fund or Class as at the close of its Initial Offer Period is less than SGD 100 million; or
- (ii) the Company is of the view that it is not in the investors' interest or it is not commercially viable to proceed with such Sub-Fund or Class.

In such event, the Sub-Fund or Class shall be deemed to not have commenced and the Company may notify the investors and return the application monies received (without interest) to the investors no later than 14 Business Days after the close of the Initial Offer Period (or such other period as the Company may determine). Any bank charges incurred in relation to the above will be borne by the investors.

9. **Risks specific to the Sub-Fund**

Some of the risk factors which are relevant to the Sub-Fund, as elaborated under paragraph 9 of this Prospectus are as follows:

- Market risk
- Credit risk
- Interest rate risk
- Political and/or regulatory risks
- Liquidity risk
- Counterparty and settlement risk
- Reverse repurchase agreements risk
- Cross liability risk
- Conflicts of interest risk
- Corporate structure risk
- Concentration risk

Negative Yield Risk

Market conditions, including but not limited to a reduction in interest rates may have a material impact on the return of the underlying investment of the Sub-Fund. It is possible that the Sub-Fund will generate an insufficient amount of income to pay its expenses and that it will not be able to pay dividends and may have a negative return. Such market conditions, together with

any actions taken by financial institutions in response thereto (such as, for example, by way of reducing interest rates and therefore income payable on investments of the Sub-Fund), are outside the control of the Directors.

Historical Pricing Risk

Shares in the Sub-Fund are issued and realised on a historical pricing basis. The issue and redemption of such Shares will be based on the Net Asset Value per Share at the applicable Valuation Point (which in relation to a Dealing Day, is the close of business of the last relevant market on the Business Day immediately preceding the relevant Dealing Day). As such, the subscription and redemption prices of the Sub-Fund may not be reflective of the actual net asset value of the Shares of the Sub-Fund as at the date of issue or realisation. Any adjustments or shortfalls as a result will be borne by the Sub-Fund.

10. Fees and Charges[#]

Charges and Fees Payable by the Shareholder	
Subscription Charge (on gross investment amount)	Currently Nil. Maximum 2%.
Redemption Charge (on gross redemption proceeds)	Currently Nil. Maximum 5%.
Switching Fee	Currently Nil.
Liquidity Fee ⁺	Up to 3% of the Net Asset Value.

Fees Payable by the Sub-Fund to the Manager and other parties	
Management Fee	Class LA: Currently 0.30% p.a. of the Net Asset Value. Class LE: Currently 0.20% p.a. of the Net Asset Value. Class LF: Currently 0.20% p.a. of the Net Asset Value. Class LG: Currently 0.15% p.a. of the Net Asset Value. Class LH: Currently 0.15% p.a. of the Net Asset Value. Class LZ: Currently nil. Maximum of 0.30% p.a. of the Net Asset Value.
(a) Retained by the Manager	50% to 100% of the Management Fee
(b) Paid by the Manager to financial advisers / distributors (trailer fee) [^]	0% to 50% of the Management Fee
Operating, Administrative and Servicing Expenses [*]	0.05% p.a.

[#] You should note that the fees and charges applicable to the Sub-Fund (including fees based on the Net Asset Value of the Sub-Fund) will be based on the Net Asset Value before Pricing adjustment/Anti-Dilution Levy (if any) is applied. Please refer to paragraph 23.10 of this Prospectus for further details.

⁺ A Liquidity Fee of up to 3% of the Net Asset Value per Share may be charged at the discretion of the Company or the Manager, as set out in paragraph 23.10 of this Prospectus.

[^] Your financial adviser/distributor is required to disclose to you the amount of trailer fee it receives from the Manager.

* The Operating, Administrative and Servicing Expenses generally cover service providers professional fees, custodian fees, audit and accounting fees, legal and registration fees etc. and any miscellaneous fees or out-of-pocket expenses which may arise from the operation of the Sub-Fund.

The fees of the Sub-Manager are paid by the Manager out of the Management Fee and are not borne by the Sub-Fund.

As required by the Code, all marketing, promotional and advertising expenses in relation to the Sub-Fund will be borne by the Manager and are not paid by the Sub-Fund.

11. Minimum Subscription Amount

Share Classes	Minimum Subscription Amount (initial)	Minimum Subscription Amount (subsequent)
Class LA (acc) Shares	SGD 1,000	SGD 1,000
Class LE (dist) Shares	SGD 1,000,000	SGD 100,000
Class LF (acc) Shares	SGD 1,000,000	SGD 100,000
Class LG (dist) Shares	SGD 50,000,000	SGD 100,000
Class LH (acc) Shares	SGD 50,000,000	SGD 100,000
Class LZ (acc) Shares	SGD 1,000,000	SGD 100,000

The Directors or the Manager (on behalf of the Directors) has the discretion to accept such other amount(s), vary or waive the minimum subscription amounts from time to time, whether generally or in a particular case.

12. Minimum holding and Minimum Redemption Amount

Currently, no minimum holding or Minimum Redemption Amount will be imposed for the Sub-Fund. The Directors or Manager (on behalf of the Directors) has the discretion to impose such minimum holding and Minimum Redemption Amount from time to time.

13. Performance of the Sub-Fund

As the Sub-Fund has not been incepted as at the date of registration of this Prospectus, a track record of at least one year is not available.

The Sub-Fund's or a Class' performance (once available) will be calculated based on the Net Asset Value of the Sub-Fund or the Class after Pricing Adjustment/Anti-Dilution Levy (if any) has been applied and therefore the returns of the Sub-Fund or the Class may be influenced by the level of subscription and/or realisation activity. Please refer to paragraph 23.10 of this Prospectus for further details.

14. Expense Ratio

As the Sub-Fund has not been incepted yet, the expense ratio is not available as at the date of registration of this Prospectus.

15. Turnover Ratio

As the Sub-Fund has not been incepted yet, the turnover ratio is not available as at the date of registration of this Prospectus.

HSBC FUNDS VCC

PROSPECTUS REQUIRED PURSUANT TO THE SECURITIES AND FUTURES ACT 2001

Signed:

Lim Pang Qi

Director

Ashmita Acharya

Director

Quah Hui Lay Corina

Director

