MOVENTUM

<u>Mitteilung an alle Anteilseigner der HSBC Wertpapiere:</u>

Anbei finden Sie die Information der Gesellschaft, folgende Wertpapiere sind betroffen:

GB00B80QGH28 HSBC Index Tracker Investment European - Accum C GBP CAP

Details können Sie der beigefügten Anlage entnehmen.

HSBC
Asset Management

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Dear Investor,

We are writing to provide you with notice that we are intending to commence securities lending activities on our funds that are part of our open-ended investment company (OEIC) range. The funds that we will consider for securities lending are listed in the attached Appendix to this letter. The relevant Prospectus for the fund range will be updated from 1 February 2022 to include full details of our approach to securities lending and the risks involved. Securities lending may therefore be undertaken from this date onwards. This letter provides a summary of the key points.

What is securities lending?

Securities lending is where securities (equities, bonds and other relevant assets) held by the funds are temporarily transferred to another party (the 'counterparty'), who in turn pays a fee for borrowing the securities. The fee received (less charges and expenses) is paid into the relevant fund (please see further below).

The counterparty must pass back to the funds any dividends or interest it receives while borrowing the securities. And the counterparty must return securities that are equivalent to the securities it has borrowed at an agreed future date or sooner if requested by us.

When borrowing securities, the counterparty must provide collateral to the funds as security against its borrowing. As required under the relevant rules of the Financial Conduct Authority, the collateral can be in the form of cash or other acceptable assets and must be in excess of the value of the securities that have been borrowed.

HSBC Bank plc has been appointed as the securities lending agent to facilitate the lending of securities to counterparties.

Why are we commencing securities lending?

As the fee received from borrowers (less charges and expenses) is paid back into the relevant fund as accrued income, this has the effect of enhancing the overall performance of the fund. Securities lending therefore has the potential to be beneficial for investors. The performance contribution from securities lending will vary by fund as it is in part dependent on demand from borrowers for the securities held by the fund. There is no guarantee that the funds will lend securities.

What are the risks involved?

The key risk is that a counterparty may fail to return some or all of the securities it has borrowed. HSBC Bank plc, as securities lending agent, indemnifies the funds against such a default, which means that it will aim to provide equivalent securities back to a fund. However, there is a risk that the securities lending agent may not be able to obtain and deliver to the fund some or all of the applicable securities and in that event the securities lending agent will instead provide the fund with a sum of money representing the value of the securities that could not be delivered back to the fund.

Additionally, if a counterparty fails to return some or all of the securities it has borrowed, then it will forfeit the collateral it has provided. However, if the collateral is in the form of assets other than cash, there is a risk that when the assets are sold they may not realise sufficient cash to settle the counterparty's debt to the fund or to purchase replacement securities.

Collateral arrangements may be subject to a number of operational risks, including the failure of the relevant fund to call for collateral where it is entitled to do so and settlement failures.

The risks described above may result in losses for investors. The full risks are described in the relevant Prospectus.

Is there a limit on the value of securities that may be lent?

Each fund may lend securities that represent up to 29% of its value. We generally expect this not to exceed 25%, however this is only an estimate and the actual proportion of a fund's securities subject to lending may be higher (up to the 29% maximum stated) or lower.

Who are the counterparties?

The funds will only lend securities to borrowers that comply with the Financial Conduct Authority's rules on approved counterparties and meet the criteria we specify. This includes consideration of factors including but not limited to legal status, country of origin and credit quality. This means the funds will only lend to established financial institutions with a sufficient credit quality that are specialised in such transactions.

What proportion of the counterparty fees are paid to the funds?

Funds that enter into securities lending will be entitled to receive at least 75% of the gross fees received from borrowing counterparties.

Of the remainder, the securities lending agent is entitled to retain 15% of the gross fees received from counterparties to pay for the provision of its services and we are entitled to receive up to 10% of the gross fees received to pay for the oversight services we provide. More specifically, we will provide services to ensure oversight and monitoring of securities lending activities, which we anticipate will consider the eligibility of borrowers, the limits specified in the agreement with the securities lending agent, the management and reinvestment of collateral, the value of funds on loan and the reporting of securities lending transactions.

What types of collateral will be accepted?

Collateral may be in the form of cash or other assets that are highly liquid (liquidity being a measure of how easily investments can be traded), are traded on regulated markets and are of sufficient credit quality. This may, for example, include equities and government bonds that meet these criteria.

Collateral will be sufficiently diversified in terms of country, markets and issuers and must be issued by an entity that is independent from the counterparty.

Collateral received as cash may only be placed on deposit with an approved bank or invested in money market funds, where this is not restricted for a particular fund.

Do I need to take any action?

You do not need to take any action. However, if you are unsure whether the funds continue to meet your needs you should contact a financial adviser.

Further questions

If you have any questions, please email our Fund Servicing Centre at HSBCenquiries@ntrs.com. Alternatively, you can call us on 0800 358 3011. Lines are open 9.00 am to 5.00 pm Monday to Friday (excluding public holidays). To help us to continually improve our service and in the interest of security, we may monitor and/or record your communications with us.

Yours sincerely

Jeff Webb
Senior Product Manager
HSBC Global Asset Management (UK) Limited

Appendix – Funds that will be considered for securities lending

HSBC Investment Funds OEIC

- Balanced Fund
- Corporate Bond Fund
- Europe Ex UK Equity Fund
- Global Equity Income Fund
- Income Fund
- Monthly Income Fund
- UK Growth & Income Fund

HSBC Index Tracker Investment Funds OEIC

- American Index Fund
- European Index Fund
- FTSE 100 Index Fund
- FTSE 250 Index Fund
- FTSE All-Share Index Fund
- FTSE All-World Index Fund
- Japan Index Fund
- Pacific Index Fund
- Sterling Corporate Bond Index Fund
- UK Gilt Index Fund

HSBC Universal Investment Funds OEIC

- Japan Multi-Factor Equity Fund
- UK Multi-Factor Equity Fund
- US Multi-Factor Equity Fund