

HSBC Islamic Global Equity Index Fund Fund overview

January 2023

This is a marketing communication. Please refer to the prospectus of the UCITS and to the KIID before making any final investment decisions.

Investment objective

- ◆ The sub-fund aims to replicate the performance of the Dow Jones Islamic Market 100 Titans Net total return, while minimising the tracking error between the fund's performance and that of the index
- ◆ The fund is prohibited from investing in financial derivatives, or other non Shariah-compliant instruments

Why consider the HSBC Islamic Global Equity Index Fund?

- ◆ Designed for Shariah-compliance: the fund aims to replicate a Shariah-compliant index; overseen by an independent Shariah Committee
- ◆ HSBC Asset Management Shariah Committee: the independent Shariah committee consists of two internationally renowned Islamic scholars who oversee investment in the fund to ensure compliance with Islamic principles
- ◆ Provides exposure to global equities: the index holds the largest 100 stocks traded globally that pass rules-based screens for compliance with Islamic investment guidelines
- ◆ Full physical replication: the fund aims to invest in all the constituents of the index in the same proportion as the index
- ◆ Consistent growth in the fund: the fund has received inflows consistently for the last five years

Dow Jones Islamic Market Titans 100 Index methodology

- ◆ Dow Jones uses a rules-based screen for inclusion in their Shariah compliant index; publicly available on their website
- ◆ Dow Jones contracts with Ratings Intelligence Partners, a London/Kuwait based consulting company specialising in global Islamic investments, to provide the Shariah screens and filter the stocks based on those screens
- ◆ The Shariah Supervisory board, which is a board of 4 Islamic scholars, oversees Dow Jones Islamic Market indices

What is a Shariah-compliant fund?

An investment fund which meets all of the requirements of Shariah law and the principles articulated for Islamic Finance.

A Shariah fund will only invest in Shariah-compliant companies and approved financial instruments.

A Shariah board is appointed to carry out an annual Shariah audit and to purify certain prohibited types of income such as interest or dividend, by donating them to charity.

The Fund tracks the Dow Jones Islamic Market Titans 100 Index which is Shariah compliant. The Fund follows an investment process that has been approved by an independent Shariah committee.

The Shariah committee monitors the Fund throughout the year and issues an annual Shariah certificate on the Fund's compliance with Shariah principles. This certificate is included in the annual financial report of the Fund as a confirmation of the Shariah compliance for that year. Before investing, please do check that this Fund meets your Shariah requirements, and if in any doubt please consult an adviser.

ETF & Indexing Portfolio Management Team

- ◆ Joseph Molloy, Head of Index and Systematic Equity portfolio management
- ◆ Team of 9 investment professionals
- ◆ HSBC has been managing passive funds for more than 30 years, with the launch of our first Index tracker in 1988

1. And any other sectors that the Shariah Committee may determine to exclude
For illustrative purposes only. Dow Jones index methodology can be found at <https://us.spindices.com/documents/methodologies/methodology-dj-islamic-market-indices.pdf>

| | |
|---------------------------------------------------------------------------------------|-----------------------|
| 1 Dow Jones: Exclusion Screens – Sectors ¹ | |
| Conventional Financial Services | Weapons and Defence |
| Entertainment | Pork related products |
| Alcohol | Tobacco |
| 2 Dow Jones: Exclusion Screens – Financial ratios | |
| Cash + Interest bearing securities/24 month average market capitalisation exceeds 33% | |
| Accounts receivables/24 month average market capitalisation exceeds 33% | |
| Total Debt/24 month average market capitalisation ratio exceeds 33% | |

HSBC Asset Management Shariah Committee

The Shariah Committee is responsible for the following activities:

- ◆ Study of the prospectus, investment objectives and policies
- ◆ Use of investment techniques and instruments
- ◆ Advising the Board of Directors regarding compliance with Shariah principles
- ◆ Establishing principles for calculating an appropriate percentage of impure income
- ◆ Approving proposals for the nomination of suitable charities to which the impure income will be donated
- ◆ Preparing an annual certificate of the fund's compliance with Shariah principles for inclusion in the financial reports

Purification costs

- ◆ The fund receives company dividends generated as part of a company's normal business operations. However, a small part (must be less than 5%) of their revenue may come from non-compliant activities hence the need for a purification cost
- ◆ An impure income ratio is created for each company included in the portfolio on annual basis, using the dividend purification cost ratio (calculated as non-permissible revenue / total revenue). The methodology for calculations is reviewed and approved by the Shariah Committee
- ◆ The ratio of impure income varies from company to company and portfolio to portfolio (depending on the composition of the portfolio). It can typically range from 1.0% to 5.0% of the dividend income of a fund's holdings
- ◆ Impure income is donated to charity, approved by the Shariah Committee

Source: HSBC Asset Management, as at 30 December 2022.

Key risks

The value of an investment in the portfolios and any income from them can go down as well as up and as with any investment you may not receive back the amount originally invested.

- ◆ **Counterparty Risk** The possibility that the counterparty to a transaction may be unwilling or unable to meet its obligations
- ◆ **Derivatives Risk** Derivatives can behave unexpectedly. The pricing and volatility of many derivatives may diverge from strictly reflecting the pricing or volatility of their underlying reference(s), instrument or asset
- ◆ **Exchange Rate Risk** Changes in currency exchange rates could reduce or increase investment gains or investment losses, in some cases significantly
- ◆ **Index Tracking Risk** To the extent that the Fund seeks to replicate index performance by holding individual securities, there is no guarantee that its composition or performance will exactly match that of the target index at any given time ("tracking error")
- ◆ **Investment Leverage Risk** Investment Leverage occurs when the economic exposure is greater than the amount invested, such as when derivatives are used. A Fund that employs leverage may experience greater gains and/or losses due to the amplification effect from a movement in the price of the reference source
- ◆ **Liquidity Risk** Liquidity Risk is the risk that a Fund may encounter difficulties meeting its obligations in respect of financial liabilities that are settled by delivering cash or other financial assets, thereby compromising existing or remaining investors
- ◆ **Operational Risk** Operational risks may subject the Fund to errors affecting transactions, valuation, accounting, and financial reporting, among other things

Further information on the potential risks can be found in the Key Investor Information Document (KIID) and/or the Prospectus or Offering Memorandum

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Investors and potential investors should read and note the risk warnings in the prospectus and relevant KIID, and additionally, in the case of retail clients, the information contained in the supporting SID.

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Fund Details

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|------------------------------|---------------------------------------------------------------|
| Fund domicile | UCITS IV Luxembourg SICAV |
| Indicative Index | Dow Jones Islamic Market Titans 100 Net total return Index |
| Inception date | 01 March 2004 |
| Anticipated tracking error | 0.20% |
| Ongoing charges ¹ | IC share class: 0.49% AC share class: 0.96% |
| Minimum initial investment | IC share class: USD 1,000,000 AC share class: USD 5,000 |
| ISIN | IC share class: LU1569385302 AC share class: LU0466842654 |
| Dealing | Daily by 15.00 (CET) |
| Valuation | Daily at 23.00 (CET) |
| Management Company | HSBC Investment Funds (Luxembourg) SA |
| Investment Advisor | HSBC Global Asset Management (UK) Ltd |
| AUM* | USD 2,635 million |

Past performance should not be seen as an indication of future returns.

1. Ongoing Charges Figure, is based on expenses over a year. The figure includes annual management charge but not the transaction costs. Such figures may vary from time to time.

Source: HSBC Asset Management as at 30 December 2022. Please note that not all share classes may be registered for sale in your jurisdiction.

*The AUM is the collective figure of the HSBC Islamic SICAV and the CCF.

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