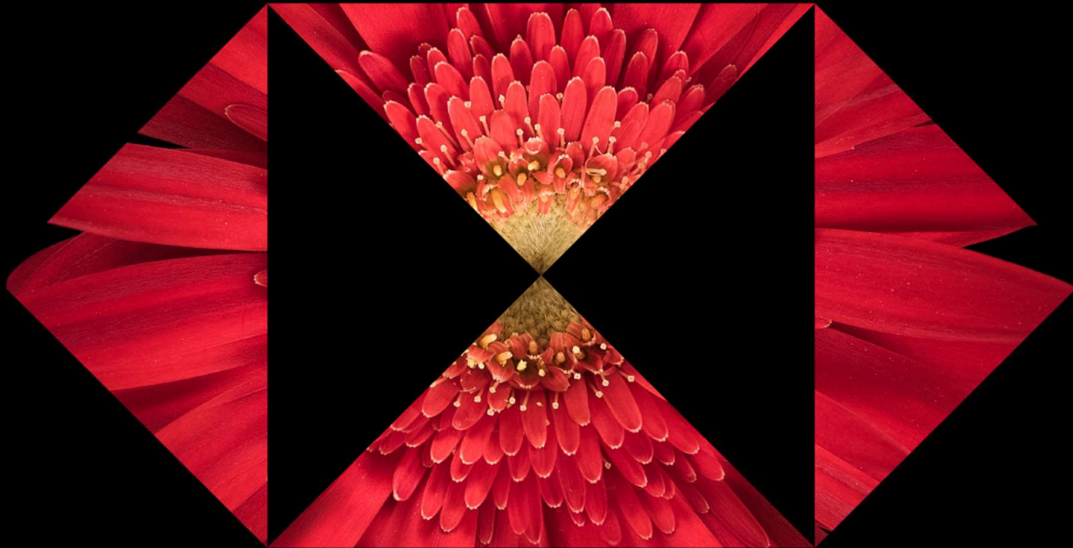


**Asset Management**

# HSBC Islamic Global Equity Index Fund

Pricing Adjustment

25 October 2024



**HSBC**

| Opening up a world of opportunity

# HSBC Islamic Global Equity Index Fund – Pricing Adjustment

## What is a pricing adjustment?

A pricing adjustment (also called swing pricing) is a mechanism specifically designed to protect existing investors in a fund from the transaction costs of large net subscriptions or redemptions. These transactions costs include, but are not limited to, brokerage fees and taxes on transactions.

Without a pricing adjustment, transactions costs would fall on all shareholders in the fund. Instead, when this mechanism applies, the transaction costs are borne only by those client(s) who have just subscribed or redeemed, since it is their transactions that cause the costs.

HSBC Islamic Global Equity Index Fund use a pricing adjustment mechanism to protect their existing investors in this way.

## How does this mechanism work?

The pricing adjustment mechanism is a system of rates – expressed in % – with three main components (see the example opposite for an illustration).

### 1. A threshold rate

We calculate the total subscriptions minus the total redemptions in the fund on every valuation day.

If there are more subscriptions, the result will be “net subscriptions” and if there are more redemptions, the result will be “net redemptions”.

If, on any given valuation day, the result of ‘subscriptions – redemptions’ is a larger percentage of the fund’s Net Asset Value (NAV) than the threshold rate, it triggers one of the adjustment rates.

### 2. A buy adjustment rate

This is applied when the amount of net subscriptions is bigger than the threshold rate.

In this case, the fund’s NAV per share is increased by the buy adjustment rate.

The effect is the same as asking investors to pay an extra fee to subscribe on that day, and then putting this fee back into the fund so the existing shareholders don’t suffer the impact of the transaction costs.

### 3. A sell adjustment rate

This rate works exactly like the buy adjustment rate, but for situations when the amount of net redemptions is bigger than the threshold rate.

When this happens, the fund’s NAV per share is reduced by the sell adjustment rate.

The rates may be different for each fund, as shown in our table of adjustment rates on page 2.

#### An example

- ◆ Fund AUM: USD100 million
- ◆ Threshold rate: 1% of the AUM
- ◆ Subscriptions: USD10 million
- ◆ Redemptions: USD 8 million
- ◆ Subscriptions – Redemptions: USD2 million (net subscriptions)

In this example, the amount of net subscriptions (USD2 million) is higher than the threshold rate (1% of USD100 million, which is USD1 million).

Therefore, the fund’s NAV per share will be adjusted up using the buy adjustment rate.

The table in the next page shows the current adjustment rates (buy and sell rates) for each fund where pricing adjustment applies. We do not disclose the threshold figures.

## **Do threshold and adjustment rates ever change?**

We review the thresholds on an annual basis and the adjustment rates on a quarterly basis.

However, we may also adjust these rates on an ad hoc basis, to respond to market-specific circumstances and protect our funds' investors.

## **Price adjustment for large flows**

For the HSBC Islamic Global Equity Index Fund, additional thresholds have been established to define a capital flow as a large/significant flow. If this significant flow threshold is met, an adjusted swing factor is calculated based on the true costs incurred to invest / disinvest. Such factor would only be applied on the date of the large capital flow. It can be provided upon request from your local distributor.

## **Conclusion**

The sole objective of a pricing adjustment is to protect shareholders.

Whenever investors are impacted by the pricing adjustment when subscribing/ redeeming, they are in fact paying for the transaction costs of dealing so existing shareholders are not disadvantaged.

In addition, they would incur these dealing costs themselves if they decided to invest directly.

(amend as appropriate)

# HSBC islamic – Pricing Adjustment

The Adjustment Rates disclosed in the table below are effective from 25 October 24.

- ◆ The Repurchase % and Sale % shown in the table below are from the Sub-Fund's perspective
- ◆ A Repurchase from the Sub-Fund's perspective means a sell from investor's perspective
- ◆ A Sale from the Sub-Fund's perspective means a buy from investor's perspective

Sub-Fund	Adjustment Rate	
	Repurchase %	Sale %
HSBC Islamic Global Equity Index Fund	0.07	0.09

Investors should note that the Adjustment Rates are reviewed on a quarterly basis. However, the Adjustment Rates are also subject to be updated on an **ad hoc** basis. As a result, the Adjustment Rates may suddenly change and therefore differ from the rates provided in this document.

# Disclaimers

Investment in any sub-fund carries with it a degree of risk. The value of an investment, and any income from it, may fall as well as rise, and you may not get back the amount you originally invested.

Potential investors should review the HSBC Islamic Prospectus in its entirety and the relevant Key Investor Information Document and consult with their legal, tax and financial advisors prior to making a decision to invest.

## UK

The material contained herein is for information only and does not constitute legal, tax or investment advice or a recommendation to any reader of this material to buy or sell investments. You must not, therefore, rely on the content of this document when making any investment decisions.

This document is not intended for distribution to or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe to any investment. Any views expressed were held at the time of preparation and are subject to change without notice. While any forecast, projection or target where provided is indicative only and not guaranteed in any way. HSBC Global Asset Management (UK) Limited accepts no liability for any failure to meet such forecast, projection or target.

The funds are sub-funds of the HSBC Islamic, a Luxembourg domiciled SICAV. UK based investors in the sub-funds are advised that they may not be afforded some of the protections conveyed by the provisions of the Financial Services and Markets Act 2000. HSBC Islamic Funds is recognised in the United Kingdom by the Financial Conduct Authority under section 264 of the Act. The shares have not been and will not be offered for sale or sold in the United States of America, its territories or possessions and all areas subject to its jurisdiction, or to United States Persons. All applications are made on the basis of the current Prospectus, Key Investor Information Document (KIID), Supplementary Information Document (SID) and most recent annual and semi-annual reports, which can be obtained upon request free of charge from HSBC Global Asset Management (UK) Limited, 8 Canada Square, Canary Wharf, London, E14 5HQ. UK, or the local distributors. **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.**

Some of the sub-funds are unregulated collective investment schemes for UK Regulatory purposes. The promotion of these sub-funds is therefore restricted in the UK by the Financial Services and Markets Act 2000 and this document can only be issued to persons permitted under COBS 4.12 of the FCA Handbook. This document is issued in the UK by HSBC Global Asset Management (UK) Limited who are authorised and regulated by the Financial Conduct Authority.

[www.assetmanagement.hsbc.com/uk](http://www.assetmanagement.hsbc.com/uk)

© Copyright 2020 HSBC Global Asset Management (UK) Limited. All Rights Reserved.

## Denmark, France, Luxembourg and Sweden

The information contained herein is subject to change without notice. All non-authorised reproduction or use of document will be the responsibility of the user and will be likely to lead to legal proceedings. This document has no contractual value and is not by any means intended as a solicitation, nor a recommendation for the purchase or sale of any financial instrument in any jurisdiction in which such an offer is not lawful. It does not constitute investment advice or a recommendation to any reader of this content to buy or sell investments nor should it be regarded as

investment research. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of its dissemination.

HSBC fund(s) is(are) sub-fund(s) of the HSBC Islamic Funds use the swing principle calculation method which determines the net asset value of the fund. Swing pricing allows investment funds to pay the daily transaction costs arising from subscription and redemptions by incoming and outgoing investors. The aim of swing pricing is to reduce the dilution effect generated when, for example, major redemptions in a fund force its manager to sell the underlying assets of the fund. These sales of assets generate transaction costs and taxes, also significant, which impact the value of the fund and all its investors.

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. The information contained herein is subject to change without notice. All non-authorized reproduction or use of this commentary and analysis will be the responsibility of the user and will be likely to lead to legal proceedings. This document has no contractual value and is not by any means intended as a solicitation, nor a recommendation for the purchase or sale of any financial instrument in any jurisdiction in which such an offer is not lawful.

All data come from HSBC Global Asset Management unless otherwise specified. The commentary and analysis presented in this document reflect the opinion of HSBC Global Asset Management (France) on the markets, according to the information available to date. They do not constitute any kind of commitment from HSBC Global Asset Management (France). Consequently, HSBC Global Asset Management (France) will not be held responsible for any investment or disinvestment decision taken on the basis of the commentary and/or analysis in this document.

Please note that some of the HSBC Islamic sub-funds listed in this document may not be authorized for distribution in your country. We recommend you make the necessary verifications before taking any investment decisions

**HSBC fund(s) is(are) sub-fund(s) of the HSBC Islamic Funds, a Luxembourg domiciled SICAV. All applications are made on the basis of the current HSBC Islamic Funds Prospectus, Key Investor Information Document (KIID), Supplementary Information Document (SID) and most recent annual and semi-annual reports, which can be obtained free of charge from HSBC Global Asset Management (UK) Limited, 8 Canada Square, Canary Wharf, London E14 5HQ, UK . 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.**

HSBC Global Asset Management is the brand name for the asset management business of HSBC Group. The above document has been produced by HSBC Global Asset Management (UK) and has been approved for distribution/issue by the following entities:

**HSBC Global Asset Management (France)** - 421 345 489 RCS Nanterre. Portfolio management company authorised by the French regulatory authority AMF (no. GP99026) with capital of 8.050.320 euros.

Offices: HSBC Global Asset Management (France) - Immeuble Coeur Défense - 110.esplanade du Général Charles de Gaulle - 92400 Courbevoie - La Défense 4 – France. (Website: [www.assetmanagement.hsbc.com/fr](http://www.assetmanagement.hsbc.com/fr)).

The contents of this document are confidential and may not be reproduced or further distributed to any person or entity, whether in whole or in part, for any purpose without prior written permission.

© Copyright 2020. HSBC Global Asset Management (France) Inc. All rights reserved.

## Switzerland

This document has no contractual value and is not by any means intended as a solicitation, nor a recommendation for the purchase or sale of any financial instrument. This document may be distributed in Switzerland only to qualified investors according to Art. 10 para 3, 3bis and 3ter of the Federal Collective Investment Schemes Act (CISA)

The presented funds are authorised for distribution in Switzerland in the meaning of Art. 120 of the Federal Collective Investment Schemes Act. (Potential) investors are kindly asked to consult the latest issued Key Investor Information Document (KIID), prospectus, articles of incorporation and the (semi-)annual report of the fund which may be

(amend as appropriate)

obtained free of charge at the head office of the representative: HSBC Global Asset Management (Switzerland) Ltd., Gartenstrasse 26, P.O. Box, CH-8002 Zurich. Paying agent: HSBC Private Bank (Suisse) S.A., Quai des Bergues 9-17, P. O. Box 2888, CH-1211 Geneva 1. Investors and potential investors should read and note the risk warnings in the prospectus and relevant KIID. Before subscription, investors should refer to the prospectus for general risk factors and to the KIID for specific risk factors associated with this fund. Issue and redemption expenses are not taken into consideration in the calculation of performance data.

The funds presented in this document are sub-funds of HSBC Islamic Funds, an investment company constituted as a société à capital variable domiciled in Luxembourg. The shares in HSBC Islamic Funds have not been and will not be registered under the US Securities Act of 1933 and will not be sold or offered in the United States of America, its territories or possessions and all areas subject to its jurisdiction, or to United States Persons

## **Singapore**

This document and any other document or material issued in connection with the offer or sale is not a prospectus as defined in the Securities and Futures Act, Chapter 289 of Singapore ("SFA") and has not been registered as a prospectus with the Monetary Authority of Singapore (the "MAS"). Accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply. You should consider carefully whether the investment is suitable for you. The offer or invitation of the Units, which is the subject of this document, does not relate to a collective investment scheme which is authorised by the MAS under Section 286 of the SFA or recognised by the MAS under Section 287 of the SFA and the Units are not allowed to be offered to the retail public.

No document or material in connection with the offer or sale of the Units may be circulated or distributed, nor may the Units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor pursuant to Section 304 of the SFA, in accordance with the conditions specified in that section, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Units are subscribed or purchased under Section 305 of the SFA by a relevant person which is

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable within 6 months after that corporation or that trust has acquired the Units pursuant to an offer made under Section 305 of the SFA except (1) to an institutional investor or to a relevant person as defined in Section 305(5) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 305A(3)(i)(B) of the SFA; (2) where no consideration is or will be given for the transfer; (3) where the transfer is by operation of law; or (4) as specified in Section 305A(5) of the SFA.

This document is prepared for general information purposes only and does not have any regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive it. Any views and opinions expressed are subject to change without notice. This document does not constitute an offering document and should not be construed as a recommendation, an offer to sell or the solicitation of an offer to purchase or subscribe to any investment. Investors and potential investors should not invest in the Fund solely based on the information provided in this document and should read the prospectus or information memorandum (including the risk warnings) and the product highlights sheets, which are available upon request at HSBC Global Asset Management (Singapore) Limited ("AMSG") or our authorised distributors, before investing. Investors may wish to seek advice from a financial adviser before purchasing units in the fund. Investment involves risk. Past performance of any fund or the manager, and any economic and market trends or forecasts are not necessarily indicative of the future or likely performance of the fund or the manager. Unit values and income therefrom may fall as well as rise and the investor may not get back the original sum invested. Changes in rates of currency exchange may affect significantly

(amend as appropriate)



the value of the investment. AMMSG has based this document on information obtained from sources it reasonably believes to be reliable. However, AMMSG does not warrant, guarantee or represent, expressly or by implication, the accuracy, validity or completeness of such information.

**HSBC Global Asset Management (Singapore) Limited**

10 Marina Boulevard, Marina Bay Financial Centre.Tower 2 Level 48-01, Singapore 018983

Telephone: (65) 6658 2900 Facsimile: (65) 6225 4324

Website: [www.assetmanagement.hsbc.com/sg](http://www.assetmanagement.hsbc.com/sg)

Company Registration No. 198602036R

**Middle East**

This document was produced by HSBC Global Asset Management (UK) Limited for distribution in the Middle East by HSBC Global Asset Management MENA, a unit within HSBC Bank Middle East Limited, U.A.E Branch, PO Box 66 Dubai, UAE, regulated by the Central Bank of the U.A.E. for the purpose of this promotion and lead regulated by the Dubai Financial Services Authority. HSBC Bank Middle East Limited is a member of the HSBC Group. HSBC Global Asset Management MENA are marketing the product only in a sub-distributing capacity on a principal-to-principal basis. HSBC Global Asset Management MENA do not provide advice or directly market this product to retail clients. Please speak to your Financial Advisor for further details of these products. This material is distributed by the following entities. In the United Arab Emirates, Qatar, Bahrain by HSBC Bank Middle East Limited which are regulated by relevant local Central Banks for the purpose of this promotion and lead regulated by the Dubai Financial Services Authority.

This document is intended to be distributed in its entirety. No consideration has been given to the particular investment objectives, financial situation or particular needs of any recipient.

(amend as appropriate)



