

Definitions used in our fund objective, policy and strategy

“Accumulation Unit” means a type of unit where the income earned by the fund is retained in the fund.

“the Act” means the Financial Services and Markets Act 2000.

“Actively Managed” means where a fund manager uses their expertise to pick investments to achieve the fund’s objectives.

“Annual Management Charge” means the ongoing fee paid to the Authorised Fund Manager for managing the fund, usually charged as a percentage of the value of the fund.

“Approved Counterparty” means an FCA approved company whose permission includes dealing in investments as principal with respect to derivatives which are not listed on an exchange.

“Approved Security” means those classes of securities which are negotiable on capital markets, such as shares in companies or other securities equivalent to shares in companies, bonds or other forms of securities debt and any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange. For further details, please refer to the restrictions in the Prospectus.

“Asset Allocation” describes the way the Investment Manager divides the fund’s investment across the mix of different asset classes such as the different type of bonds in which the fund invests.

“Associate” means a subsidiary of the HSBC Group.

“Blue Chip Company” means a nationally recognised, well-established and financially sound company. Blue chips generally sell high-quality, widely accepted products and services.

“Bond” or “Bonds” means a loan, usually to a company or government, that pays interest.

“Bond Index Future” means a contract stating that the holder agrees to purchase a bond index at a particular price on a specified future date.

“Collective Investment Scheme (CIS)” means a fund that more than one person contributes to with the aim of increasing the value of their investments or receiving income from a pooled investment.

A fund manager will invest the pooled money into one or more types of asset, such as stocks, bonds or property.

“Contingent Convertible Bonds or Securities” means bonds that are issued by a company that may be converted to shares of a company if a pre-specified event occurs.

“Convertible Bonds or Securities” means bonds that are issued by a company that may be converted to shares of the company.

“Covered Bonds” means bonds that are issued by a bank or mortgage company that are covered by a pool of assets in case the issuer becomes insolvent.

“Credit Rating” means an assessment of the credit risk of a company, government or other organisation. It seeks to measure how likely it is that the issuer of a bond will be able to continue to make interest payments and repay the money loaned to it.

“Currency Forward Contracts” means a contract in the foreign exchange market that locks in the exchange rate for the purchase or sale of a currency on a future date.

“Derivative” or **“Derivatives”** means investments whose value is linked to another investment, or to the performance of a stock exchange or to some other variable factor, such as interest rates.

“Developed Markets” means countries with relatively high levels of personal income and established economies.

“Dilution Levy” means an amount you pay to cover the dealing costs incurred by a fund when it buys or sells investments as a result of you buying or selling shares or units in a fund. For some funds it may be charged on all deals and for other funds it may only be charged for large deals. It is used to protect the existing investors.

“EEA” means European Economic Area.

“EEA UCITS” means a collective investment scheme established in accordance with the UCITS Directive in the EEA.

“Efficient Portfolio Management (EPM)” means managing a fund in a way that is designed to reduce risk or cost and/or generate income or growth.

“Emerging Markets” means countries that are progressing toward becoming advanced, usually shown by some development in financial markets, the existence of some form of stock exchange and a regulatory body.

“Equity” or **“Equities”** means shares issued by a company.

“Equity Index Futures” means a contract stating that the holder agrees to purchase an index at a particular price on a specified future date.

“ETF” means Exchange Traded Fund, a UCITS fund which is traded on a regulated exchange.

“Exchange Traded” means a type of investment that is traded on a stock exchange.

“Growth” means the increase in the value of investments.

“Hedge” or **“Hedging”** means using derivative type investments as a way to reduce risk.

“High Yield Bond” or **“High Yield Bonds”** means a bond paying a higher level of interest but which has a lower credit rating than investment grade.

“HSBC Group” means HSBC Holdings plc and its subsidiaries, as defined in Section 1159 of the Companies Act 2006.

“Income” means money generated by a fund, such as interest from a bond or a dividend from a share, which can be paid out to its investors or retained in the fund and reinvested.

“Income Unit” means a type of share or unit where the income earned by a fund is paid out to you.

“Initial Charge” means an up-front fee paid to the Authorised Fund Manager when you buy units.

“Investment Grade” means a credit rating that indicates the issuer of a bond has a relatively low risk of being unable to make interest payments and repay the money to the bond investor.

“Liquidity” means the degree to which an investment can be quickly bought or sold on a market without affecting its price.

“Long Term” means more than five years.

“Market Capitalisation-Weighted Index” or **“Market Capitalisation Index”** means a type of market index whose components or securities are weighted according to the total market value of their outstanding shares. Every day an individual stock’s price changes and thereby changes a stock index’s value.

“Money Market Instruments” means investments usually issued by banks or governments that are a loan to the issuer by the buyer, held over a short period of time. The buyer receives interest and the return of the original amount at the end of a certain period.

“Ongoing Charges Figures (OCF)” means a measure of what it costs to invest in a fund. It includes the fee paid to the Authorised Fund Manager and other operating costs.

“Over-the-Counter” means a contract that is traded (and privately negotiated) directly between two parties, without going through an exchange or other intermediary.

“Passively Managed” means the fund manager aims to track the performance of a stock exchange index.

“Preference Shares” means shares of a company which entitle the holder to a fixed dividend, whose payment takes priority over that of ordinary share dividends. Preference shares may be convertible to the ordinary shares of a company.

“Quasi Sovereign Bonds” means bonds issued by companies that are fully or partially owned or controlled by a government, or operate under a special charter or public policy mandate provided by a government.

“Return” means the money made or lost on an investment.

“Share” or **“Shares”** means a portion in a company representing part ownership of a company.

“Stewardship” means that the Investment Manager, in its role as fund manager, will evaluate and actively engage with the companies in which its funds invest. It does this as it aims to invest responsibly and also with the aim of adding broader value to its funds’ investors. Full details can be found in the Investment Manager’s Stewardship plan.

“Sub-Investment Grade” means a credit rating that indicates the issuer of a bond has a relatively higher risk of being unable to make interest payments and repay the money to the bond investor.

“TAA” means Tactical Asset Allocation.

“Tracking Error” means the volatility of the difference between the return of the fund and the return of the index or indices it tracks. In general, the lower the tracking error, the more consistent the fund’s performance is relative to the Index, and vice-versa.

“UCITS” means ‘Undertakings for Collective Investment in Transferable Securities’, a European directive that provides a regulatory framework for funds which are based in the European Union. This will include a UCITS scheme or an EEA UCITS scheme as defined in the FCA Rules.

“UCITS Directive” means the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS).

“UCITS scheme” means a UK UCITS.

“UK UCITS” means, in accordance with sections 236A and 237 of the Act, a collective investment scheme which may consist of several sub-funds, which is either an authorised unit trust scheme, an authorised contractual scheme, or an authorised open-ended investment company, and has identified itself as a UCITS in its prospectus and has been authorised accordingly by the FCA.

“Unit” or **“Units”** means a Unit in the fund. An equal portion representing part ownership of a unit trust fund (note: ‘Share’ has a similar meaning but for funds structured as corporate entities such as an open-ended investment company).

“Unconstrained Fund” means a fund which does not follow a specific benchmark.

“Volatility” means a measure of the size and frequency of changes in the value of an investment over a short space of time.

“Yield” means the income from an investment, usually stated as a percentage of the value of the investment.