

**Non-HSBC Mutual Funds Traded On Turkey Electronic Fund Distribution Platform**

This document has been prepared to ensure that investors comprehend the structure, fundamental features and risks of the mutual funds issued by investment institutions and asset management companies other than HSBC (non-HSBC) that are traded on Turkey Electronic Funds Distribution Platform (TEFAS) and take their investment decisions in a more deliberate manner. This document is not a sales or marketing document. It is recommended that investors read the relevant fund documents i.e. fund's prospectus, bylaws and investor information form issued on Public Disclosure Platform (KAP) in order to understand the fund specific exceptional clauses and potential risks of the specific fund. It is recommended that investors take a decision after reading these documents.

**Goals and Investment Strategy of Fund**

The management of mutual funds founded by investment institutions and asset management companies other than HSBC that are traded on Turkey Electronic Funds Distribution Platform (TEFAS) is executed by asset management companies which are authorized by Capital Markets Board (CMB). The detailed information regarding the fund such as fund's goals, fund's founder, fund's investment strategy, fund's asset allocation, fund's asset management company, the structure and pricing details of OTC derivatives if invested in the fund, whether any transaction is executed within foreign markets can be found at related investment institution's webpage or Public Disclosure Platform ([www.kap.gov.tr](http://www.kap.gov.tr)). In accordance with the local regulations; Non-HSBC Unconstrained Mutual Funds that are traded on the TEFAS Platform are only eligible for qualified investors as they are unconstrained funds.

**Risk Profile of Fund**

There is no evaluation of the risk profile made by our bank for non-HSBC mutual funds. Every mutual fund has a different risk level. High risk can gather potentially higher gain as well as a loss. Risky funds have a higher probability of a loss or gain depending on the financial market. It is possible that risky funds result in more return when compared to less risky funds, even though the probability of them to cause loss is higher.

HSBC do not guarantee the customer any gain or loss in capital. The risk profile of a non-HSBC mutual fund can be found on related company's website or Public Disclosure Platform ([www.kap.gov.tr](http://www.kap.gov.tr)). Risk level of every mutual fund is being calculated according to the risk evaluation management of Capital Markets Board of Turkey and being published in investor information forms of Public Disclosure Platform ([www.kap.gov.tr](http://www.kap.gov.tr)). Risk value of each mutual fund is measured in consistency with measurement method of CMB and stated on Investor Information Forms

on Public Disclosure Platform ([www.kap.gov.tr](http://www.kap.gov.tr)). It is advised that you take a look at risk value of the funds which is published on Public Disclosure Platform before investing. The table below can guide you about the mutual funds and their suitability to your risk profile created by HSBC.

Risk Scale (According to HSBC Mutual Funds)	Risk Scale of Fund (According to CMB)
Very Low Risk	Risk Value 1
Low Risk	Risk Value 2 - 3
Moderate Level Risk	Risk Value 4
High Risk	Risk Value 5 - 6
Very High Risk	Risk Value 7

**Management Fee, Commission and Tax**

You can find detailed information about management fee and tax of non-HSBC funds on related financial institutions website or Public Disclosure Platform ([www.kap.gov.tr](http://www.kap.gov.tr)).

Details of account opening, maintenance and custody fees and commissions paid to Central Registry Agency ("CRA") for the operations performed on behalf of investors for mutual fund transactions can be found on [http://www.hsbc.com.tr/eng/retail\\_banking/interest\\_rates\\_and\\_fees/fees.asp#6](http://www.hsbc.com.tr/eng/retail_banking/interest_rates_and_fees/fees.asp#6). All of the specified fees and commissions are transferred to CRA as income.

**Subscription and Redemption Principles**

You can find detailed information about fund share subscription and redemption order timelines, chain of distribution and current value of non-HSBC mutual funds, on related financial institution's website or Public Disclosure Platform ([www.kap.gov.tr](http://www.kap.gov.tr)). Buy-sell orders of mutual funds of other financial institutions will be taken only within platform hours (for mutual funds with today settlement date on workdays 09:00-13:30, on half days 09:00-11:30; for mutual funds with future settlement date

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on workdays 09:00-15:00 on half days 09:00-11:30) according to trading rules of the financial institution whose fund is being traded. Since liquid fund is sold for buy orders of funds with future settlement date, in case of order cancellation you can be subject to tax payment as a result of liquid fund sale. For the funds that have limitation of interest accumulation, the amount you deposit is held in your account and no liquid fund sale is done until the shares credited to your account. Operational processes and execution time of buying-selling of fund transactions may differ from each other. On holidays when the overseas markets are closed, the operational process can extend and may take more time than as usual.

Buy value of the investment product or mutual fund that is to be sold is blocked in your account till value date. Current prices can be found in HSBC branches, internet, telephone, mobile banking and ATM within platform hours for non-HSBC mutual funds and 7/24 for HSBC mutual funds. Mutual fund which you give order for subscription are registered within Central Securities Depository Institution of Turkey (MCK) in accounts personally opened for you.

As a result of platform rules, orders placed on the platform may fail to be executed on the day of order until closing time. In such case you will be informed via SMS without any fee.

### **Restrictions on Sale of Investment Products to the Residents of US and Canada**

According to international and HSBC Group regulations investment products cannot be offered to the U.S. resident (including the residents of American Samoa and The Commonwealth of the Northern Mariana Islands) or Canadian resident Customers. If the residency status of customers changes to US or Canada resident, they should immediately inform this to HSBC Bank A.S. and HSBC Securities A.S.

### **Fundamental Risks for Mutual Funds**

Investors may have capital loss due to market conditions. Past performance of mutual fund is not a reliable indicator of future performance.

**Market Risk:** Because of the fluctuations in the price of financial assets, the portfolio value may decrease. Because of that reason, there may be loss in capital.

**Interest Rate Risk** Fluctuation in interest rate may affect the yield and value of investments in debt instruments.

**Country Risk:** The economic, politic and social structure of a country (where the investment is made) in addition to interest rate and exchange rate policies may have impact

on the price of the fund. These could be currency restrictions, transfer risks, moratorium, tax regulations etc. Moreover, there can be fluctuations in the price of the fund because of the global economic and politic effects.

**Credit Risk:** Investments in the fund are subject to possible loss due to the potential financial failure of underlying securities and the potential inability of issuers to meet their obligations. The possibility of default is higher for corporate bonds than it is for government bonds.

**Operational Risk:** The risk that can be based on, directly or indirectly, the inadequate internal processes, people, systems and/or external agents. Investment process is being overseen by internal control and risk management. Additionally, this process is being inspected by regulatory authorities.

**Exchange Rate Risk:** It is defined as the risk of closing out the long or short foreign currency positions due to sudden fluctuations in exchange rates. The funds that invest on foreign currency type of assets have the exchange rate risk.

**Derivative Products:** Derivatives can be utilized for the management of investment risk; however, derivative instruments may not be suitable for all investors, as they may be contingent liability transactions such as swaps.

Fund portfolio can include currency, commodity, interest, financial indicator or financial instrument option, forward and future agreements in order to protect itself from risk or/and increase fund return. Risk to which fund is exposed cannot exceed total fund value. Derivative Products in fund portfolio should be compatible with fund's investment strategy.

**Counterparty Risk:** Investors may have total or partial loss of the invested capital in mutual funds due to the bankruptcy or to the weakening financial status of the issuer. Mutual funds involve counterparty risk due to investment products held within the fund's portfolio.

**Liquidity Risk:** In secondary markets, there is risk for investors who cash out their investment products. Liquidity risk is the risk that investors may have difficulty finding a buyer when they want to sell and may be forced to sell at a significant discount to market value. Mutual funds involve liquidity risk due to investment products held within the fund's portfolio.

### **Not an Investment Advisory**

HSBC Bank A.S, acts as an intermediary for the buy-sell transactions of non-HSBC investment funds traded on TEFAS platform and HSBC does not offer general investment advice or investment advice or portfolio

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management services. The service provided by HSBC for non-HSBC funds is limited to accepting the buy/sell orders to be transmitted to TEFAS platform so that they are executed on an execution only basis.

The readers should be aware that they are self-responsible for evaluating and analyzing the underlying instruments, investments and transactions in this document and the information herein should not be considered as investment advisory.

HSBC is not responsible for advising on the topics related to law and tax or any other fields that needs expertise. This document does not contain any opinion on value or suitability of any instruments. An investment may not meet all initial targets and conditions and in case of any hesitation, it is recommended to ask for opinions and advices from professional investment consultants.

### **Guarantee Amount of Investor Compensation Center**

Mutual Funds are under the protection of Investor Compensation Center up to a predetermined announced amount for each investor in accordance with Capital Markets Board regulations. This amount is increased each year by revaluation coefficient. Individuals and institutions excluded from the compensation scope are not subject to this guarantee.

### **More Detailed Information about the Fund**

Investor information forms, prospectus, circulations bylaws and periodic reports of the funds can be found on related financial institution's website or Public Disclosure Platform ([www.kap.gov.tr](http://www.kap.gov.tr)). Investors should consider the conditions mentioned in investor information form, prospectus and bylaws of the fund before they invest in the fund.

**Withdrawal Right:** This product cannot be withdrawn.

### **Legal Warning**

HSBC Bank A.S. is authorized by Banking Regulation and Supervision Agency (BRSA) for banking activities and is authorized by Capital Market Board (CMB) for capital market activities. HSBC Securities A.S. and HSBC Asset Management A.S. are authorized by CMB for capital market activities. All of these affiliates of HSBC are subject to supervision and scrutiny by those institutions. HSBC Bank A.S. and HSBC Securities A.S. are members of stock exchange to make transactions on BIST authorized by Borsa Istanbul A.S. Word of HSBC represents HSBC Bank

A.S., HSBC Securities A.S. and HSBC Asset Management A.S. and the main shareholder in which these are included. This basic information document and prior information form consists of indicative terms and is prepared for introductory purposes.

### **General Information**

In accordance with legislation of European Commission, mutual fund buy order of customers located in one of the EEA (European Economic Area) countries might not be executed. In case any change occurs in the legislation mentioned here, the amendment will become effective and you will be informed at the stage of order placement accordingly.

The product's risks should be considered before investing in Mutual Funds. All these conditions specified in this document can change in the future. This document which is for product and/or service presentation is prepared by HSBC and it cannot be partially or completely replicated or distributed without HSBC's permission or any legal obligation.

By signing this document you will be accepted as you have taken, read and understood the terms, provisions and information in the Basic Information Document and Prior Information Form of non-HSBC fund you have demanded and whose descriptions can be found above. You will be accepted also as you have read and understood fund specific information on the related financial institution's website or Public Disclosure Platform ([www.kap.gov.tr](http://www.kap.gov.tr)).

A copy of the Basic Information Document and Prior Information Form is given to you.

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