

**HSBC Asset Management August 2024 Unconstrained (Foreign Currency) Fund (HAE)**

This Basic Information Document and Prior Information Form has been prepared to ensure that investors comprehend the structure, fundamental features and risks of the mutual fund and take their investment decisions in a more deliberate manner. This document is not a sales or marketing document. This document has been prepared to ensure that investors understand the fundamental features and potential risks of the fund. It is recommended that investors take a decision after reading this document.

**About Fund**

This fund is subject to HSBC Asset Management Unconstrained Umbrella Fund and managed by HSBC Portföy Yönetim A.Ş. which is a subsidiary of HSBC Group\*. This fund was established for customers of HSBC\*\* who are willing to take “**High Risk**” and is managed in accordance with long term investment horizon. For this reason it may not be suitable for the investors who are willing to leave the fund in short term.

\*HSBC Group includes HSBC Holdings plc, its subsidiaries and affiliates.

\*\*References to the HSBC Group of Companies are references to HSBC Holdings plc, its subsidiaries and its associated companies.

**Goals and Investment Strategy of Fund**

- Fund invests continuously its %80 of portfolio to Turkish Treasury Eurobonds, Turkish Private Sector Eurobonds and/or FX denominated lease certificates. With the remaining portion, foreign capital market instruments and TL denominated assets may be included in the fund portfolio.
- The main investment strategy of the fund is to earn returns in US Dollars by investing in foreign currency public and private sector debt instruments. Although it is possible to invest in the fund portfolio in all maturities, mainly assets with an average maturity of 2 years as of the date of inclusion in the portfolio will be included in the portfolio.
- The investment period of the fund is the period starting from its launch until 16 August 2024.
- As TL denominated assets fund may invest in; time deposits, participation accounts, certificates of deposit, repo/reverse repo transactions, lease certificates, Takasbank money market and domestic organized money market transactions, futures contracts and options traded in VIOP and other investment instruments deemed appropriate by the Capital Markets Board.
- As foreign currency assets; currency-denominated/currency-indexed debt instruments, eurobonds, lease certificates (sukuk), depository

receipts, mutual funds (exchange traded funds, real estate investment funds, venture capital investment funds), structured investment instruments, certificates exchange-traded or non-exchange derivatives instruments issued by the public and private sectors in developed countries and developing countries including Türkiye can be included in the fund portfolio.

**If, on any of the fund trading days, the total amount of the fund participation share sale orders is higher than 5% of the total fund value, the Fund founder has the right to extend the maturity, taking into account the request date and demand priority, to pay within 10 working days following the exit instructions. In cases where the maturity is extended, the amount in return for the participation share return order can be paid to the investors in full or at a rate determined by the Fund founder without waiting for the end of maturity, if conditions are available. In such cases that may occur, investors are notified as quickly as possible by one of the communication ways available nowadays.**

- Due to its umbrella structure in accordance with local legislation, the Fund can only be invested by Qualified Customers.

- Due to the fact that the related Fund is an Unconstrained Fund, it can only be purchased by customers who meet the Qualified Investor criterion according to the CMB's local legislation. Starting from the moment that qualified investor criteria cannot be met, the investment institution you are trading with must be informed immediately. HSBC Portföy Yönetim A.Ş. is responsible for determining the financial instruments to be invested in.

**Benchmark of the Fund**

%100 BIST-KYD<sup>1</sup> 1 Month Deposit USD Index

*Footnote1:* KYD stands for TURKISH INSTITUTIONAL INVESTMENT MANAGERS' ASSOCIATION, all indices announced by this institution can be found at [www.tkyd.org.tr](http://www.tkyd.org.tr).

**Risk Profile of Fund**

HSBC Asset Management August 2024 Unconstrained (Foreign Currency) Fund is compatible with the risk profile

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of customers who are willing to take “**High Risk**”. It is possible to have capital loss in HSBC Asset Management August 2024 Unconstrained (Foreign Currency) Fund. HSBC Portföy Yönetim A.Ş. does not guarantee any return to customer.

It should be noted that not all the funds have the same risk grade. The ones that have higher-than-average risks potentially offer higher returns but there is also a probability of loss. Although the riskier funds have a higher probability of loss, they may offer higher returns when the market tends to grow.



No Investment Risk	Very Low Risk	Low Risk	Moderate Level Risk	<b>High Risk</b>	Very High Risk
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Since this fund is an unconstrained fund, there is no Investor Information Form, but the risk value of the funds in the investor information forms including risk value of this fund can be found in the fund information section of [www.kap.org.tr](http://www.kap.org.tr)

### Management Fee and Commission

Annual management fee of the fund is 1.25%. **In addition, a 2% (two percent) exit commission is applied for fund participation share sales orders given until 14:45 before the date which is 3 business days before the last date of the investment period (16/08/2024).** Fund management fee is calculated daily over total fund amount with determined management fee ratio. Exit commission amount will be calculated over the gross value found by multiplying the number of fund shares repurchased and the realization price. This commission is recorded as income in the fund on the day it is collected. There is no subscription fee, commission or performance premium for this fund.

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.

### Tax

From investors perspective; withholding tax that real persons are subject to is 10% and for corporates it is 0%. Gains derived by companies other than joint stock

companies, companies limited by shares and limited companies and foreign companies with the same characteristics; are subject to 10% withholding tax.

### Subscription and Redemption Principles

- Subscription orders given between 10:45-14:45 on the working days (in half working days 10:45-11:00) will be realized with the share price announced same night and orders will be executed next morning (T+1).
- Redemption orders given between 10:45-14:45 on the working days (in half working days 10:45-11:00) will be realized with the share price announced same night and the order will be executed on the next third working day (T+3).
- One working day will be added to the above for the realization of subscription and redemption orders given between 14:45-15:00 (in half working days 10:45-11:00).
- Fund purchase order can be given in TL or USD. Funds can be withdrawn by making a redemption order in the same currency with the purchase order was placed.
- When you want to buy funds by currency TL, the amount is invested in HSBC Asset Management Money Market Fund and is kept in your account until fund shares are transferred to your account. If the amount you wish to purchase is lower than the unit price of the money market fund, no money market fund is sold for the purpose of accretion of interest and your balance will be kept in your account until the amount of your deposit is transferred to your account.
- For HSBC Asset Management August 2024 Unconstrained (Foreign Currency) Fund purchase orders placed in USD, money market fund is not sold with the purpose of accretion of interest.
- Subscription and redemption orders can be given through HSBC Bank branches, Mobile Banking, Internet Banking, Telephone Banking and ATM.
- Any fund order placed between 10:45 and 14:45 can be cancelled until 14:45 on the same working day whilst any order placed between 14:45 and 15:00 can be cancelled until 15:00 on the same business day or between 10:45 to 14:45 on the next business day
- Fund subscription prices are announced after 10:45. The trading hours and operational process of the funds may differ. The operational process may be extended on holidays when the foreign markets are closed.
- Fund subscription and redemption orders cancellation transactions can be made through HSBC Bank A.Ş.

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branches, Internet Banking, Mobile Banking, Telephone Banking and ATM.

- Current fund prices can be found in HSBC branches, Internet, Telephone, Mobile Banking and ATM.
- Your fund shares are registered and monitored in the account by MKK (Central Securities Depository) personally opened for you in dematerialized form.
- This fund is not traded on Türkiye Electronic Fund Distribution Platform (TEFAS).

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

According to international and HSBC Group regulations mutual funds could not be offered to the customer who is classified and defined as a U.S. resident (includes the United States of America and all states, the District of Columbia, American Samoa, Puerto Rico, Guam, The Commonwealth of the Northern Mariana Islands, and the US Virgin Islands) or Canadian resident. Our customers should inform HSBC Bank A.Ş. and/or HSBC Yatırım Menkul Değerler A.Ş. in case of becoming U.S. or Canada resident.

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

**Market Risk:** Market risk is defined as the risk of loss in value of the fixed income financial instruments, equities, other securities, derivatives positions based on FX and financial instruments based on FX due to fluctuations on FX rates, share prices and interest rates.

**Interest Rate Risk:** If interest-based assets (borrowing instruments, reverse repo, etc.) are included in the fund portfolio, it represents the risk arising from changes in the interest rates in the market.

**Exchange Risk:** Represents the possibility of loss that might arise due to fluctuations in exchange rate, in case foreign currency denominated assets exist in fund portfolio.

**Partnership Share Price Risk:** In case the partnership share is included in the fund portfolio, it represents the probability of loss that the portfolio will be exposed to due to changes in the prices of partnership shares in the fund portfolio.

**Precious Metals and Commodity Price Risk:** In case the precious metals and / or commodity based capital market instruments are included in the fund portfolio, it represents the probability of loss that the portfolio will be exposed to due to changes in the price of precious metals or commodities.

**Profit Share Ratio Risk:** It refers to the risk arising from the changes in profit share rates that may occur in the market in the value of the related assets, if assets based

on profit participation (participation account, lease certificates, etc.) are included in the fund portfolio.

**Counterparty Risk:** The possibility of the non-payment risk, in case when the counterparty does not want to and/or cannot fulfil its duties specified on the agreement, or due to consequences of any inconveniences that may arise during the settlement process.

**Liquidity Risk:** The possibility of loss that arises in case the investment products held within the fund's portfolio could not be liquidated into cash with market price when required.

**Leverage Risk:** The possibility of losing more than the initial investment amount of the fund due to usage of the initial investment amount to open bigger positions, by investing in derivative instruments (futures and option contracts), embedded derivatives, SWAP contracts, warrant, certificate, or by creating leverage through bills/bonds with future value-date, gold transactions or any other method.

**Operational Risk:** The possibility of loss due to disruption in the fund's operational processes. In house factors like; inadequacy of systems used, unsuccessful management, incorrect or fraudulent transactions of staff and factors like natural disasters, conditions of competition, changing politic structure can be causes of operational risk.

**Concentration Risk:** Represents the risks that might arise due to intensive investment in a certain asset and / or maturity.

**Correlation Risk:** It is the probability of loss that may arise due to positive or negative relations of at least two different financial assets in parallel with the simultaneous appreciation or loss of different financial assets under market conditions.

**Legal Risk:** The risk that the fund's shares may be adversely affected by the changes that may occur in the legislation and regulation of regulatory authorities after the sale.

**Issuer Risk:** The possibility of loss arising from the failure of the issuer of the assets included in the fund portfolio to fulfil its obligations in whole or in part.

**Country Risk:** A combination of economic, political and regulatory risks in a country.

**Ethical Risk:** The risk of fraud, misconduct, embezzlement, theft, deliberate actions that may harm the Fund or crimes that may adversely affect the reputation of the Founder (e.g. money laundering).

**Collateral Risk:** It arises when investing in investment instruments based on credit risk and similar hidden derivatives; the investor undertakes the default risk of the reference country / company against the seller and gains a high return in return. If the credit valuation performance

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of the reference country / company experiences a deterioration above a certain level, the investor may have to make additional collateral payments.

**Structured Investment Instruments Risk:** In the event of unexpected and extraordinary developments, it is possible to lose all of the investment in structured investment instruments within or at the end of the maturity. If the return of the strategies created on the underlying assets of the structured investment instruments is negative in the relevant period, the investor may not receive any income at the end of the maturity period and the value of their investments may decrease below the initial value at the end of the maturity period. There is also counterparty risk in case of investing in structured investment instruments. The investor is exposed to the company's credit risk in relation to structured investment instruments and expects a return in line with this risk. In structured investment instruments, investors also take the payment risk of the issuer. Payment risk refers to the risk that the issuer institution will not be able to fulfill its obligations arising from structured investment instruments. Unusual correlation changes and liquidity problems that may arise in adverse market conditions pose significant risks for structured investment instruments. In the absence of market making, the liquidity risk of structured investment instruments is high. Fluctuations in market interest rates and underlying asset prices may affect the daily valuation of Structured Investment Instruments. In the calculation of the Value at Risk (VaR) of the fund, the market risks arising from the Structured Investment Instruments are also taken into account along with the derivative instruments.

**Option Sensitivity Risks:** Among the risk sensitivities in option portfolios, there may be a wide range of risk sensitivity changes in the price change of the spot financial product subject to the transaction. Delta; It shows the change in the option premium caused by one unit change in the price of the related financial asset for which the option is written. Gamma; It measures the change in the delta of the option caused by the change in the price of the asset to which the option is related. Vega; It is the change in the option premium caused by the unit change in the price fluctuation of the option's underlying asset. Theta; It is the indicator that expresses the time factor, which is of great importance in risk measurements, and is the measure of the change in the option price according to the maturity. Rho; on the other hand, it is the measure of the change in the option price caused by the percentage change in interest rates.

**Base Risk:** It expresses the change in price difference between the current value of futures contracts and the

value of the spot price of the relevant financial instrument. At the end of the contractual maturity, the forward price and the spot price are equal to each other. However, the forward price and the spot price may differ from the theoretical pricing in the time elapsed between the transaction date and the maturity date for the related futures financial instruments in the fund portfolio. Therefore, here it refers to the risk of change in the Base Value throughout the contract's term.

**Short Selling Risk:** Short selling risk refers to the possibility of higher loss than the initial investment of the fund.

### **Not an Investment Advisory**

Investors should select the most suitable funds for themselves according to their risk-return preferences. On condition that it is consistent with the customer's risk profile, General Investment Advice can be provided only for HSBC Portföy Yönetim A.Ş. mutual funds traded on Türkiye Electronic Fund Distribution Platform (TEFAS) and HSBC Asset Management Money Market Fund and HSBC Asset Management Short Term Fixed Income Fund that are not traded on TEFAS, but Investment Advice and Portfolio Management services are not provided by HSBC Bank A.Ş. General Investment Advice can not be provided for unconstrained funds.

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 a 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**

Prospectus, circulations and internal statute of the Funds can be found at [www.hsbcportfoy.com.tr](http://www.hsbcportfoy.com.tr) and HSBC Bank A.Ş. branches. Investors should consider the conditions mentioned in prospectus and internal statute of the fund before they invest in the fund.

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

### Legal Warning

HSBC Bank A.Ş. 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 Yatırım Menkul Değerler A.Ş. and HSBC Portföy Yönetim A.Ş. 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.Ş. and HSBC Yatırım Menkul Değerler A.Ş. are members of stock exchange to make transactions on BİST authorized by Borsa İstanbul A.Ş. The phrase of HSBC stands for HSBC Bank A.Ş., HSBC Yatırım Menkul Değerler A.Ş. and HSBC Portföy Yönetim A.Ş. and the main shareholder in which these are included. Active Distribution Agreements have been signed between HSBC Portföy Yönetim A.Ş., HSBC Bank A.Ş. and HSBC Yatırım Menkul Değerler A.Ş. in order to ensure that mutual funds whose founder is HSBC Portföy Yönetim A.Ş. can be distributed by HSBC Bank A.Ş. and HSBC Yatırım Menkul Değerler A.Ş. This mutual fund can be traded from HSBC Securities account in TL but cannot be traded in USD.

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 is for product and/or service presentation and it cannot be partially or completely replicated or distributed without HSBC Bank A.S.'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 mutual fund you have demanded and whose descriptions can be found above.

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

In case of any dispute Turkish version will be valid.

HSBC BANK A.Ş.

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**Customer Name Surname:**

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