

**HSBC Malta Funds SICAV p.l.c.**

# **HSBC Property Investment Fund Supplement**



# Supplement

to the Prospectus dated 5 December 2016

of

HSBC Malta Funds SICAV p.l.c.  
(hereinafter the ‘**Company**’)

in respect of the

**HSBC Property Investment Fund**

HSBC Property Investment Fund (the ‘**Sub-Fund**’ or the ‘**Fund**’) is a separate class of shares in the Company which is a collective investment scheme organised as a multi-fund limited liability investment company with segregated classes of shares and with variable share capital under the laws of the Republic of Malta and licensed by the Malta Financial Services Authority under the Investment Services Act, 1994.

Although this document is a supplement (the ‘**Supplement**’) to the Prospectus issued by the Company, investors should note that it is not necessary for reference to be made to the Prospectus since this Supplement contains all the necessary information on the Company and on the Sub-Fund.

This Supplement is prepared in accordance and complies with the requirements of the Investment Services Act, 1994 and regulations thereunder. The Directors of the company accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure such is the case), the information contained in this Supplement is in accordance with the facts and does not omit

anything likely to affect the import of such information.

THE SUB-FUND IS LICENSED AS AN ALTERNATIVE INVESTMENT FUND BY THE MALTA FINANCIAL SERVICES AUTHORITY (the “MFSA”) WHOSE INVESTORS COMPRISE EXPERIENCED INVESTORS, AND FULFILS ANY ADDITIONAL CONDITIONS PRESCRIBED BY THE AUTHORITY IN RELATION TO SCHEMES SOLD TO EXPERIENCED INVESTORS.

THIS PROTECTION NORMALLY ARISING AS A RESULT OF THE IMPOSITION OF THE MFSA’S INVESTMENT AND BORROWING RESTRICTIONS AND OTHER REQUIREMENTS FOR RETAIL SCHEMES DO NOT APPLY TO THIS FUND.

THE MFSA HAS MADE NO ASSESSMENT OR VALUE JUDGEMENT ON THE SOUNDNESS OF THE FUND OR ON THE ACCURACY OR COMPLETENESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED WITH REGARD TO THEM.

# Important information

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## Supplement sole basis of offer

Shares (as defined herein) are offered on the basis of the information contained in this Supplement and the documents referred to herein. If you are in any doubt about the contents of this Supplement, you should consult an independent investment adviser. No broker, dealer, salesman or other person has been authorised by the Company, its Directors or HSBC Global Asset Management (Malta) Limited (the 'Manager'), to make any representations or issue any advertisement or to give any information in connection with the offering or sale of shares other than those contained in this Supplement and in the documents referred to herein, and if given or made, such information or representations must not be relied upon as having been authorised by the Company, its Directors or the Manager. Any purchase made by any person on the basis of statements or representations not contained in or inconsistent with the information and representations contained in this Supplement shall be solely at the risk of the Investor.

Any person relying on the information contained in this Supplement, which was current at the date shown, should check with the Manager and /or relevant Intermediary that this document is the most current version and that no revisions of or corrections to the information contained in this Supplement have been made or published since the date shown. This Supplement should be read in its entirety before making an application for the purchase of shares.

## Licensing status and MFSA disclaimer

The Company is organised under the laws of Malta as a multi-fund investment company with variable share capital ('SICAV') pursuant to the Companies Act, 1995. The Company consists of separate classes of shares constituting segregated

Sub-Funds which are segregated patrimonies. Each Sub-Fund may also have one or more classes of shares which will not be segregated patrimonies.

The Fund is licensed by the MFSA under the Investment Services Act, 1994 as an Alternative Investment Fund targeting Experienced Investors as defined in this Supplement.

The circulation of this Supplement has also been approved by the MFSA.

The licensing of the Company and the Fund does not constitute a warranty by the MFSA as to its performance and the MFSA is not in any way liable for the performance or default of the Company or the Fund.

## Segregated assets

The assets and liabilities of the Fund are, and shall be treated for all intents and purposes of law as, a patrimony separate from the assets and liabilities of each other sub-fund of the Company. Accordingly, the liabilities incurred in respect of the Fund shall be paid out of the assets forming part of the patrimony of the Fund. In the event that the liabilities of the Fund exceed its assets, then the proportion of liabilities in excess of the assets shall not be allocated to the other Sub-Funds. The creditors of the Fund shall have no claim or right of action against the assets of the other Sub-Funds of the Company, and the provisions of any law or regulation in force regulating the insolvency of companies shall not be applicable. The Directors shall hold or shall cause to be held such separate accounts, records, statements and other documents as may be necessary to evidence the liabilities and assets of the Fund as distinct and separate from the assets and liabilities of all the other Sub-Funds of the Company.

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In the case of classes of shares issued in the Fund, all assets and liabilities of each such class of shares would form part of the total assets and liabilities of the Fund.

Investors should, however, be aware that in the event a claim is made against the Company, if the assets attributable to a Sub-Fund in respect of which the claim is made are insufficient to cover such claim, then the creditor may not be allowed by non-Maltese courts to have recourse to the assets attributable to other Sub-Funds if such non-Maltese courts refuse to apply the protection afforded to Shareholders under Maltese law.

#### Use of this Supplement outside Malta

The Sub-Fund is an AIF and the Manager is an Alternative Investment Fund Manager for the purpose of the AIFMD. The Company in respect of its Sub-Funds has elected not to market its units (within the meaning given to the term “marketing” under the AIFMD) and not to distribute the Prospectus and this Supplement to investors domiciled or with a registered office in EEA Member States. The Prospectus and this Supplement may only be distributed to, and the Company and the Sub-Fund may only be marketed only to Experienced Investors domiciled or having a registered address in Malta.

The distribution of this Supplement and the offering of shares is restricted in any other jurisdiction.

This Supplement does not constitute an offer or solicitation to subscribe for securities by any person in a jurisdiction where to do so is unlawful or the person making the offer or solicitation is not qualified to do so or the person receiving the offer or solicitation may not lawfully do so.

In terms of the Memorandum and Articles of Association, the Directors may from time to time declare categories of persons who do not qualify under applicable law to purchase shares in the Company. Furthermore, the offer of shares which is being made with this Supplement is an offer only to such persons who fall within the definition of an Experienced Investor as defined herein. The Company has not been authorised in Canada, and accordingly shares in the Company may not be offered, promoted, or distributed directly or indirectly in Canada or to a person resident of Canada. Please refer also to Appendix VII for further details on persons who will generally be considered to be a Canadian resident.

The shares have not been nor will be registered under the United States Securities Act of 1933 as amended (the ‘1933 Act’) or under any United States securities law and, except with the specific consent of the Directors, may not be offered or sold, directly or indirectly, in the United States of America, its territories or possessions or any area subject to its jurisdiction or to any U.S. Person (as defined in Regulation S of the 1933 Act, as amended from time to time). In addition, the Company will not be registered under the United States Investment Company Act of 1940 (the ‘1940 Act’) as amended and the investors will not be entitled to the benefits of the 1940 Act. Please refer also to Appendix VII.

Investors shall also comply with the obligations arising in terms of the U.S. Foreign Account Tax Compliance Act (FATCA) as further detailed in Appendix VI hereof.

Applicants for Shares further agree to provide the Company and any of its service providers with any documentation or information requested so that the Company can ensure that (i) no shares

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in the Company are acquired or held by any person in breach of the law or requirements of any country or governmental authority and (ii) the Company and any of its service providers are able to comply with any law or requirements of any country or governmental authority placing obligations on the Company and its service providers in respect of Shares applied for or held in the Company.

#### **Offeree's responsibilities**

It is the responsibility of any persons in possession of the Supplement and persons wishing to apply for shares to inform themselves of, and to observe and comply with, all applicable laws and regulations in Malta or in any relevant jurisdiction. Prospective applicants for shares should inform themselves as to the legal requirements of so applying and to any applicable exchange control requirements and taxes in Malta and in the countries of their nationality, residence or domicile.

#### **Lodging of supplement**

A copy of this Supplement has been lodged with the Registrar of Companies in accordance with the Investment Services Act (Prospectus of Collective Investment Schemes) Regulations, 2005.

#### **Memorandum and Articles of Association**

The Company and the Sub-Fund are constituted under the Act, and consequently all the rules and regulations relating to the Company, its Sub-Funds (including the Fund), its administration, the rights of the holders of shares, and all matters related to the pricing, acquisition and repurchase of the shares are contained in the Memorandum and Articles of Association, a full version of which is available for inspection at the Company's business address stated herein.

The Memorandum and Articles of Association are also available for inspection at the Registry of Companies from where certified copies can be obtained. All Investors who have acquired shares in the Company are entitled to the rights arising from, are bound by and are deemed to have notice of, the Memorandum and Articles of Association of the Company.

#### **Applicable law**

Statements made in this Supplement are based on the law and practice currently in force in Malta and are subject to changes therein.

**INVESTMENT IN THE FUND IS ONLY SUITABLE FOR THOSE INVESTORS WHO QUALIFY AS EXPERIENCED INVESTORS AS DEFINED IN THIS SUPPLEMENT.**

**PROSPECTIVE INVESTORS SHOULD BE AWARE THAT THE VALUE OF INVESTMENTS, AS REFLECTED IN THE NET ASSET VALUE PER SHARE, CAN GO DOWN AS WELL AS UP AND, THAT INVESTORS MAY NOT GET BACK THE AMOUNT THEY HAVE INVESTED WHEN THEY SELL THEIR SHAREHOLDING IN THE FUND. THE ATTENTION OF INVESTORS IS ALSO DRAWN TO THE RISK FACTORS HEREIN. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS SUPPLEMENT OR YOU ARE CONSIDERING SUBSCRIBING FOR SHARES, YOU SHOULD CONSULT YOUR FINANCIAL ADVISOR.**

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# Definitions

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The following words used in this Supplement shall bear the meaning set opposite to them unless inconsistent with the subject or context:

**Account Holder** means a person who has established an Investment Account with HSBC Bank Malta p.l.c.

**Accounting Period** means, unless otherwise determined by the Directors, a fiscal period of the Company commencing on the 1 April and ending on 31 March in each year.

**Accumulator Shares** means the HSBC Property Investment Fund – Accumulator Shares.

**Act** means the Companies Act, 1995.

**Administrator or Fund Administrator** means Deutsche International Corporate Services (Ireland) Limited and any successor thereof.

**Administration Agreement** means any agreement for the time being subsisting between the Company and the Fund Administrator relating to the appointment and duties of the Administrator.

**AIFMD** means directive 2011/61/EU of the European Parliament and of the Council. Reference to AIFMD also includes reference, as applicable, to the Alternative Investment Fund Managers Regulation, Regulation Number 231/2013 of 19th December 2012.

**Annual Report** means a report prepared in accordance with Article 28 of the Articles.

**Articles** means the Articles of Association of the Company.

**Auditors** means the auditors for the time being of the Company.

**Base Currency** means in respect of the Company and the Fund, the Euro.

**Business Day** means a day, from Monday to

Friday, on which banks in Malta, are open for normal banking business and/ or such further places as the Directors and/or the Manager may from time to time determine.

**Bye-laws** means the bye-laws issued by the Malta Stock Exchange

**Clear Days** means, in relation to the period of a notice, that period excluding the day on which notice is given or deemed to be given and the day for which it is given or on which it is to take effect.

**Company** means HSBC Malta Funds SICAV p.l.c.

**Credit Institution** means a credit institution which is, or whose head office or parent company is, licensed or regulated or registered or based in Malta, a member state of the European Union or a member state of the Organisation for Economic Co-operation and Development.

**Depository** means Sparkasse Bank Malta p.l.c. and any successor thereof.

**Depository Agreement** means any agreement for the time being subsisting between the Company and the Depository relating to the appointment and duties of such Depository. The Manager is also a party to the Depository Agreement in view of its obligations arising in terms of AIFMD.

**Dealing Day** means Every Tuesday which is a Business Day, at fortnightly intervals, provided that where such a Tuesday is not a Business Day, the Dealing Day shall be the next following Business Day.

**Debt Securities** means any securitised debt in whatever form, including convertible bonds, but with a determinable maturity or redemption date.

**Director** means any director of the Company for the time being.

**Duties and Charges** means all stamp and other



duties, taxes, governmental charges, valuation fees, agency fees, brokerage fees, bank charges, transfer fees, registration fees and other charges whether in respect of the constitution or increase of the assets or the creation, exchange, sale, purchase or transfer of shares or the purchase or proposed purchase of investments or otherwise which may have become or will become payable in respect or prior to or upon the occasion of any transaction, dealing or valuation, but not including commission payable on the issue of shares.

**Eligible Funds** means open ended or close ended collective investment schemes (i) whose investment objectives are compatible with those of the Fund; (ii) which primarily invest whether directly or indirectly in immovable property or Property-Related Assets; and (iii) which are licensed and regulated in an Eligible State, and in respect of classes of shares in an umbrella fund, each class of shares which qualifies under (i), (ii) and (iii) above.

**Eligible State** means (i) any member state, or prospective member state, of the European Union or of the European Economic Area; (ii) any member state of the Organisation for Economic Co-operation and Development (“OECD”); (iii) any other state which does not fall within the parameters of either (i) and (ii) above but whose regulatory standards in the field of financial services are considered by the MFSA to be equivalent to those adopted in Malta (iv) any local authorities situated in the territories referred to in (i), (ii) and (iii) above; and (v) any public international body of which one or more of the member State of the European Union or of the OECD are members.

**EU** means the European Union.

**Euro** means the single currency unit of the member states of the European Union that has

been adopted pursuant to the Treaty establishing the European Community as amended.

**Exchange Traded Funds** means open ended or close ended collective investment schemes (i) whose investment objectives are compatible with those of the Fund; (ii) which are available on a Regulated Market; and (iii) which are licensed and regulated in an Eligible State, and in respect of classes of shares in an umbrella fund, each class of shares which qualifies under (i), (ii), and (iii) above.

**Experienced Investors** are persons having the expertise, experience and knowledge to be in a position to make their own investment decisions and understand the risks involved. An investor must state the basis on which he satisfies this definition, either;

a. by confirming that he/she is: i. a person who has relevant work experience having at least worked in the financial sector for one year in a professional position or a person who has been active in these type of investments; or ii. a person who has reasonable experience in the acquisition and/or disposal of funds of a similar nature or risk profile, or property of the same kind as the property, or a substantial part of the property, to which the AIF in question relates; or iii. a person who has made investments amounting to €100,000 within the past two years at an average frequency of three per quarter;

OR

b. by providing any other appropriate justification. In the case of joint holders, all holders should individually satisfy the definition of ‘Experienced Investor’.

**Founder Shares** means the shares which the initial subscribers to the Memorandum and Articles of Association have subscribed for as

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more particularly set forth adjacent to their names in the Memorandum of Association.

**Fund** means the HSBC Property Investment Fund which is made up of two classes of shares, a class of accumulating shares namely the HSBC Property Investment Fund – Accumulator Shares, and a class of income distributing shares namely the HSBC Property Investment Fund – Income Shares, or any other fund of the Company as the context may require. However, unless otherwise stated in this Supplement any reference made herein to the Fund shall be deemed as a reference to the HSBC Property Investment Fund. The Directors may also issue other classes of shares within the Fund provided that, in all cases, the Fund shall none the less have one portfolio of assets and liabilities.

**Guidelines** means the Investment Services Rules published by the MFSA.

**HBMT** means HSBC Bank Malta p.l.c.

**HSBC Group** means HSBC Holdings p.l.c. and any of its subsidiaries (including HSBC Bank Malta p.l.c. and its subsidiaries) and/or associate companies.

**Income Shares** means the HSBC Property Investment Fund – Income Shares.

**Initial Fee** or **Initial Charge** means the charge which is made by the Manager upon the purchase of any share.

**Intermediary or Distributor** means a person, including a person licensed by the MFSA, who introduces business to the Manager in respect of shares and is bound by an agreement with the Manager.

**Investment** means any asset of the Company, including any instrument or right acquired, held

or created by it from time to time.

**Investment Account System** means the securities holding system provided to investors by HSBC Bank Malta p.l.c. or by any member of the group of which HSBC Bank Malta p.l.c. forms part, or by any other successor entity approved by the MFSA through which all persons purchase and hold shares in the Company. Any change in the entity operating the Investment Account System (not forming part of the HSBC Group) shall be notified 30 days in advance of such change coming into effect, to all persons who hold shares in the Company as of the date of notification.

**Investor** means an Account Holder who holds shares in the Company through the Investment Account System.

**In writing** means written, printed, lithographed, photographed, telexed, telefaxed or represented by any other substitute for writing or partly one and partly another.

**ISAct** means the Investment Services Act, 1994.

**Leverage** means any method by which the AIFM increases the exposure of the Fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

**Licence** means the collective investment scheme licence issued by the MFSA in favour of the Company in respect of the Sub-Fund.

**Management Agreement** means any agreement for the time being subsisting to which the Company and the Manager are parties and relating to the appointment and duties of the Manager.

**Manager** means HSBC Global Asset Management (Malta) Limited.

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**Member** means a person who is registered as the holder of shares in the Register.

**Memorandum and Articles of Association** means the constitutional document of the Company.

**MiFID** means the Directive 2004/39/EC on Markets in Financial Instruments as may be amended from time to time and such term shall include any other directives or regulations as may be issued from time to time by the institutions of the European Communities.

**MFSA** means the Malta Financial Services Authority or any other successor regulator of the financial services industry in Malta.

**Minimum Investment** means such amount as may be specified in this Supplement to be the minimum value of the initial or any subsequent investment in the Fund, or of the value of the holding of shares in the Fund.

**Money Market Instruments** means any debt instrument with a maturity or repayment date not exceeding 12 months from date of issue, or a debt security on which the rate of interest is determined on money market rates for terms not exceeding 12 months.

**Month** means a calendar month.

**Net Asset Value** or **NAV** means the amount determined for any particular Dealing Day pursuant to Articles 11 and 12 of the Articles for each of the Funds.

**New Shares** means shares issued in a Sub-Fund in place of shares held by an Investor in a different Sub-Fund or in a different class of the same Sub-Fund.

**Person** shall include any physical or legal person.

**Preliminary Expenses** means the preliminary

expenses incurred in the establishment, licensing, launching and listing of the Company.

**Professional Investor** Any person that qualifies as a Professional Client under Annex II of MiFID or as an Eligible Counterparty in terms of MiFID.

**Property Development Company** means a company whose business involves the development, construction and/or finishing of immovable property.

**Property Management Company** means a company whose business involves the provision of a range of services primarily targeting property owners or prospective property owners, including advertising services, brokerage and agency services, checking references of prospective buyers and tenants, arranging for the sale or lease of property, collecting rent dues, providing general maintenance services and other services of an ancillary nature. It may also include securities issued by companies whose business involves the constructing, operating, managing and/or developing of alternative property investments such as car parks and marina berths.

**Property Financing Company** means a company involved in providing bridging or other finance arrangements to persons involved in property development and investment and in immovable property in general.

**Property-related Assets** means securities issued by Property Management Companies, Property Financing Companies, Property Development Companies or other companies, including Eligible Funds and Exchange Traded Funds whose main objective is to own or invest in immovable property and/or invest in Property Management Companies, Property Financing Companies and Property Development Companies.

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**Register** means the register in which are listed the names of Members of the Company.

**Regulated Market** means any stock exchange or other regulated market which operates regularly and which is recognised and is open to the public.

**Secretary** means any person appointed by the Directors to perform the duties of the Secretary of the Company.

**Service Provider** means HSBC Bank Malta p.l.c. appointed as operator of the Investment Account System.

**Share** in relation to the Company, means a share in the Company without any nominal value assigned to it having the rights provided for under the Articles and shall refer to all classes of shares unless it appears otherwise from the context.

**Signed** includes a signature or representation of a signature affixed or imprinted by mechanical or other means.

**Sub-Fund** see Fund.

**Unit** means a share in the Fund.

**U.S.** means the United States of America (including the States and the District of Columbia), its territories, its possessions and all other areas subject to its jurisdiction.

**U.S. Person** means, unless otherwise determined and set out in the Supplement, a person defined as such under Regulation S of the U.S. Securities Act of 1933, as amended.

**United States Dollar or USD** means the lawful currency of the United States of America. Reference to enactments and to articles and sections of enactments shall include reference to any amendments, modifications, extensions, substitutions or re-enactments thereof for the

time being in force. References throughout this Supplement to the HSBC Property Investment Fund shall be construed as references to both the HSBC Property Investment Fund – Accumulator Shares and the HSBC Property Investment Fund – Income Shares taken together unless it appears otherwise from the context. Unless it appears otherwise from the context:- (i) words importing the singular number shall include the plural number and vice versa; (ii) words importing the masculine gender only shall include the feminine gender; (iii) words importing persons only shall include companies or associations or bodies of persons, whether corporate or not; (iv) the word ‘may’ shall be construed as permissive and the word ‘shall’ shall be construed as imperative.

# Principal features

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The following should be read in conjunction with the full text of this Supplement:

## Structure

The Company is a collective investment scheme established as a multi-fund investment company with variable share capital (SICAV) under the laws of Malta. The Fund is authorised by the MFSA as an Alternative Investment Fund in terms of AIFMD. The Company may constitute other segregated sub-funds represented by different classes of shares. As at the date of this Supplement the Company has established the following classes of shares constituting 6 (six) different sub-funds:

Malta Bond Fund	– Accumulator Shares
Malta Bond Fund	– Income Shares
International Bond Fund	– Accumulator Shares
International Bond Fund	– Income Shares
Equity Growth Fund	– Accumulator Shares, Class A
Equity Growth Fund	– Accumulator Shares, Class B
HSBC Property Investment Fund	– Accumulator Shares
HSBC Property Investment Fund	– Income Shares
Maltese Assets Fund	– Accumulator Shares
Maltese Assets Fund	– Income Shares
Maltese Government Bond Fund	– Accumulator Shares
Maltese Government Bond Fund	– Income Shares

## Fund income

The Company does not intend to distribute any dividends in respect of the HSBC Property Investment Fund - Accumulator Shares. In the

case of such classes of shares, the relevant net income will be accumulated within the class and reflected in the NAV thereof. It is however intended that the Company will distribute dividends in respect of the HSBC Property Investment Fund - Income Shares in such amounts as may be determined by the Directors in accordance with this Supplement. The first declaration of dividends for the HSBC Property Investment Fund - Income Shares was made in respect of the accounting period ending on 30 September 2007.

## Management and Administration

HSBC Global Asset Management (Malta) Limited had been appointed by the Company to provide investment management services and administrative services to the Company and its Funds by virtue of an agreement dated 16 November 1998.

HSBC Securities Services (Malta) Limited was then appointed by the Manager and the Company to provide administration, transfer agency and registrar services in terms of an agreement dated 1 October 2007.

On 31 July 2013, HSBC Securities Services (Malta) Ltd relinquished those duties relating to the operation of the maintenance of the investment account system and a new agreement between the Company, HSBC Securities Services (Malta) Ltd and the Manager, was entered into on 31 July 2013. In terms of this agreement HSBC Securities Services (Malta) Ltd was appointed as Administrator to perform certain administrative functions and services including acting as Registrar in relation to the Company and the Funds. This agreement was terminated on 11 February 2014 and the Company and the Manager appointed Deutsche International Corporate Services (Ireland) Limited as Fund

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Administrator to perform these duties as the replacement of HSBC Securities Services (Malta) Ltd., as from 12 February 2014.

A further agreement was entered into between the Company, the Manager and HSBC Bank Malta p.l.c. on 31 July 2013 whereby HSBC Bank Malta p.l.c. was appointed as a Service Provider in respect of the maintenance of the Investment Account System through which all persons purchase and hold shares in the Company.

On 10 July 2014, the agreement dated 31 July 2013 whereby HSBC Bank Malta p.l.c. was appointed as a Service Provider to the Company was revoked and replaced with a new agreement dated 21 July 2014 primarily to reflect that the appointment of HSBC Bank Malta p.l.c. as Service Provider in respect of the maintenance of the Investment Account System through which all persons purchase and hold shares in the Company, was being made directly by the Company (and not the Manager).

The agreement between the Company and HSBC Global Asset Management (Malta) Limited dated 2 May 2002 was revoked and replaced with a new agreement dated 21 July 2014 whereby HSBC Global Asset Management (Malta) Limited was appointed by the Company as its Alternative Investment Fund Manager in terms of the AIFMD. In terms of an agreement dated 21st July 2014 the Manager has been authorised to provide portfolio management, risk management and certain other services in accordance to the Company and its Sub-Funds in accordance with the provisions of AIFMD.

The agreement whereby the Company and the Manager appointed Deutsche International Corporate Services (Ireland) Limited as Administrator as from 12 February 2014 was also revoked and replaced with a new Agreement

dated 21 July 2014 primarily to reflect that the appointment of Deutsche International Corporate Services (Ireland) Limited to perform certain administrative functions and services including acting as Registrar in relation to the Company and the Funds was being made directly by the Company (and not the Manager).

#### **Depository**

Sparkasse Bank Malta p.l.c.

#### **Base Currency**

Euro

#### **Application for subscriptions**

Shares can be purchased within the times and as stated herein on written application directly to HBMT or through Intermediaries.

#### **Initial Offer Period**

The Initial Offer Period opened at 8.00 a.m. on 20 November 2006 and closed at 12.00 a.m. on 25 January 2007.

#### **Initial Price**

At the end of the Initial Offer Period, shares in the Fund were issued at a fixed price of €232.94 per share.

#### **Dealing**

Shares are normally issued or repurchased on every Dealing Day.

#### **Dealing price**

Dealing price Shares will be issued on a Dealing Day at the Net Asset Value per share. The first Dealing Day was on 30 January 2007.

#### **Portfolio of Assets and Liabilities**

The Fund shall have one portfolio of assets and liabilities for the HSBC Property Investment

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Fund – Accumulator Class and the HSBC Property Investment Fund – Income Class taken together.

an application be filed. The Directors do not anticipate that an active secondary market will develop for the shares in the Fund.

### **Taxation**

The Fund shall be treated as a non-prescribed fund for taxation purposes. Your attention is drawn to the section headed ‘Taxation’ of this Supplement.

### **Initial**

There is an Initial Fee of 2.5% (which may, at the Manager’s entire discretion, be partially or fully waived from time to time and for such periods of time as the Manager may determine), or such other rate as the directors may from time to time determine, on the amount tendered in respect of an application to purchase shares.

### **Minimum investment**

The minimum investment in the Fund is of €10,000, or such other sum as may be agreed to with the MFSA from time to time. Investors are also bound to retain this minimum investment during the time that they are shareholders in the Fund, unless any shortfall to such minimum investment results from a fall in the NAV of the Fund. No limit applies to any additional investment made by persons who are already shareholders of the Fund.

### **Management and Depositary fees**

As stipulated in Appendix IV hereof.

### **Accounting reference date**

31 March

### **Listing**

No application has been filed for the listing of the shares in the Fund on any Regulated Market nor is it intended for the time being that such

# Description of the company and its management

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HSBC Malta Funds SICAV p.l.c., formerly licensed as a stand-alone collective investment scheme, is now a collective investment scheme established as a multi-fund investment company with variable share capital pursuant to S.84 of the Act. The Company has been registered in accordance with the Act on the 24 January 1997 with registration number SV2. The net proceeds from the issue of shares in respect of the Fund will be invested in accordance with the investment objective and policies of the Fund. The Company is administered by a Board of Directors. The Directors of the Company are:

**Mr Steven Tedesco** (Maltese Nationality) is a Chartered Fellow of the Chartered Institute for Securities & Investment. He started his career in 1995 and served as Director, Deputy Head and Chief Investment Officer (2000-2009) at HSBC Global Asset Management (Malta) Limited where the assets under management exceeded EUR1 billion. He also engineered and designed various capital protected investment structures eventually introducing in Malta the concept of wrapping such structures round Medium Term Notes and engineering the first ever local, hedge fund linked, full capital protected, structure sold in Malta. Mr Tedesco now runs his own consultancy business, where he serves as non-executive director and independent investment committee member in licensed entities operating in the alternative fund and asset management industry. He also provides consultancy services, including independent valuation of derivatives locally. Mr Tedesco lectures and delivers talks on various capital markets linked topics and overall portfolio management. He is also a Director and the Chairman of the Audit Committee of the Malta Stock Exchange. Mr Steven Tedesco has been appointed chairman of the Company.

**Ms Muriel Rutland** (Maltese Nationality) is the Managing Director of HSBC Global Asset Management (Malta) Limited, a position she has occupied since January 2013. Muriel joined HSBC in 2002 as a first-class graduate in banking and finance. In 2009, she was appointed Chief Investment Officer and Deputy Chief Executive Officer of HSBC Global Asset Management (Malta) Limited. Muriel also headed HSBC Global Asset Management (Malta) Limited's fixed income desk until December 2012. Ms Rutland is a Director on the Board of Tigne Mall p.l.c. since June 2016.

**Dr Richard Bernard** (Maltese Nationality) is a lawyer by profession. He studied at the University of Malta where he graduated with a Doctorate of Laws in 2008. During his studies, he carried out an internship with the European Court of Justice in Luxembourg. Between 2008 and 2014, Richard assumed primary responsibility for the Company Law and Financial Services practice at a leading law firm in Malta. Since 2014, Richard runs his own legal practice which specializes in Financial Services, Company Law and Corporate Finance amongst other areas.

The business address of the Directors is the registered office of the Company which is situated at 171, Old Bakery Street, Valletta VLT 1455, Malta. The Directors are not required to hold any share qualification. All the Directors are non-executive. The day-to-day management of the Company has been delegated to the Manager in terms of the Management Agreement.

The accounting date adopted by the Company is the 31 March of each year, the first Accounting Period commenced on the date of registration of the Company.



# Investment objective, policies and restrictions

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## General

The Articles provide that the Directors shall, subject to applicable laws and regulations, from time to time determine the investment objective, policies and restrictions applicable to each Fund. The Company may not use futures, options or other derivatives to leverage the Company. The Directors may from time to time impose further restrictions as shall be compatible with or in the interest of investors in the Fund. The Manager shall take all reasonable steps to comply with the restrictions as applicable.

## Investment Objective

The investment objective of the Fund is to deliver long term returns from both income and capital growth by investing principally in Property-Related Assets and in immovable property situated outside Malta.

## Investment Policies

The Fund aims to achieve its investment objective by primarily investing in Eligible Funds and/or Exchange Traded Funds which are incorporated, registered or are otherwise subject to regulation in any Eligible State and/or in other Property-Related Assets.

The Manager will identify suitable Eligible Funds through a research driven process. In this regard it will be supported by HSBC Real Estate Multimanager team of HSBC Investments(UK) Limited, which is the HSBC's Group Centre of Reference for reviewing third party property funds on behalf of the HSBC. Whenever the Fund acquires debt securities issued by Property management companies, Property development companies or Property financing companies the Manager shall take such reasonable steps as it considers appropriate to ensure, to the extent possible, that the issuer of such securities has

made sufficient provision for the repayment of the bond on its maturity.

The Fund may also acquire other investment instruments on a direct basis if this is consistent with its investment objective, or in order to minimise volatility and risk, or to maintain a reasonable level of liquidity. The Fund shall seek to diversify its assets so as to maintain a reasonable balance between risk and return. The Fund shall not be restricted in the maturity, quality or type of assets that it can invest in, nor in the liabilities it may assume, other than as specified under the Investment Restrictions hereunder.

## General restrictions

- a. The assets of the Fund may include amounts subscribed in respect of applications for new issues and the cost of acquiring recent issues. Such assets shall be deemed, for the purpose of the Specific Investment Restrictions of the Fund (if applicable in this context), as listed investments as long as (i) the issue terms include the obligation to be listed or to trade on a Regulated Market, and (ii) these issues are admitted to a Regulated Market within one year after the date of issue. If admittance to such Regulated Markets is not effected within the mentioned deadline, any position held by the Fund in these assets will be considered as an unlisted investment. Any excess in limits resulting from such classification will be treated in accordance with the provisions of paragraph (b) hereunder.
- b. If the percentages in any general or specific restrictions relating to the Fund are exceeded for reasons beyond the control of the Company or of the Manager, or as a result of the exercise of subscription rights, the Company and the Manager shall seek to

remedy the situation in the shortest time possible, and in any event within the period of six months beginning on the date of discovery of the event when such restriction(s) were exceeded, taking due account of the interests of the Fund and of its Members.

- c. The Fund shall not, unless permitted under the heading "Specific Investment Restrictions":
- (i) enter into a contract to sell investments when such investments are not in its ownership;
  - (ii) pledge, hypothecate, charge or assign its assets;
  - (iii) grant loans to or act as guarantor for third parties.

Provided that the prohibition on the Fund to grant a pledge, hypothec or charge or to assign its assets, shall not apply to any security arrangements which may be entered into with third parties, where the granting of a pledge, hypothec, charge or the assignment of assets or other similar rights over the assets of the Fund is necessary for the operations of the Fund including the appointment of third party service providers directly by the Fund or by its delegates, including the Depositary.

### Specific Investment Restrictions

Other than any specific Investment Restrictions as may be applicable in terms of the Investment Services Rules for Professional Investors as issued by the Malta Financial Services Authority, the Fund shall, at all times, observe the following investment restrictions:

- (a) the Fund will not invest directly in immovable property situated in Malta;
- (b) the Fund may invest up to 30% of its NAV directly in immovable property situated outside Malta. Within this 30% exposure, the Fund will not be limited in the type of property it invests (for instance retail, office, residential) and /or in the title to property which may be required (for instance freehold, by title of lease); the above restriction shall not be considered as breached by virtue of an appreciation in the value of any immovable property which is outside the control of the Fund and/or the Manager. None the less the Manager will take cognisance of any relevant excess in its periodic review of the Fund's overall investment strategy.
- (c) The Fund cannot assume legal or management control of the issuers of any Property-Related Asset;
- (d) Investment by the Fund in securities issued by Property management, Property financing and Property development companies shall be limited at all times to 25% of the fund's NAV provided that this restriction shall not apply when there is an indirect investment in such securities through an Eligible Fund and/or Exchange Traded Fund;
- (e) The Fund may only invest in Eligible Funds or Exchange Traded Funds whose primary investment objective is to invest directly or indirectly in immovable property and/or Property Related Assets;
- (f) The Fund will at all times maintain exposure to at least three Eligible Funds and/or Exchange Traded Funds provided that the underlying scheme is a UCITS or other open ended collective investment scheme subject to risk spreading requirements which are at least comparable to those applicable to the Fund itself.

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- (g) The Fund may not invest in Eligible Funds or Exchange Traded Funds which may in terms of their prospectus or equivalent offering document be Leveraged in excess of 100% of their respective NAV;
- (h) Direct borrowing for investment purposes, underwriting of securities, and Leverage via the use of derivatives is not allowed. Direct Borrowing for liquidity purposes is allowed up to 100% of NAV. The Fund's exposure relating to borrowing is the amount so borrowed.
- (i) The Fund may invest up to 20% of its total assets in securities issued by the same body and up to 30% of its assets in money market instruments issued by the same body provided that:
- the 20% / 30% limit set out above may be increased to a maximum of 100% in the case of securities and money market instruments issued or guaranteed by an OECD or EU/ EEA Member State, its local authorities or public international bodies of which one or more such States are members;
  - the 20% / 30% limit set out above may be increased to a maximum of 35% in the case of securities and money market instruments guaranteed by a credit institution authorised in the EEA or which is subject to equivalent prudential requirements;
  - the 20% limit set out above may be increased up to a maximum of 30% in the case of transferable securities traded in or dealt on a regulated market which operates regularly, is recognised and is open to the public.
- (j) The Fund may invest up to a maximum of 35% of its total assets in deposits held with a single body.
- (k) The Fund may only enter into repurchase/ reverse repurchase and stock lending or borrowing agreements for the purposes of efficient portfolio management and/or to maximise returns when in the opinion of the Fund or its Manager, (i) the entering into such agreements by the Scheme is appropriate and in the interest of investors in the Fund, and entails an acceptable level of risk; and (ii) in accordance with good market practice, which involves the provision of adequate collateral in accordance with good market practice to the satisfaction of the Fund or its Manager.
- (l) Where the Fund enters into OTC derivative transactions for the purposes of efficient portfolio management, it shall ensure that its exposure to a single counterparty is limited to 20% of its total assets.
- (m) The exposure to one counterparty in an OTC derivative transaction may be reduced where the counterparty provides the Fund with acceptable collateral in accordance with good market practice to the satisfaction of the Fund or its Manager.

### Alterations

Any changes to the investment objectives of the Fund shall be notified to investors in advance of the change. Furthermore, the investment objective of the Fund may only be changed with the consent in writing of the holders of three-fourths of the issued shares of the Fund, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the Fund in terms of the Articles. Any change in the investment objectives will only become effective after all redemption requests received during the relevant notice period, have been satisfied.

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At any time, the Directors may, at their sole discretion, alter the investment policies and restrictions of the Fund. Such changes shall be notified to investors in advance of the change. All alterations to the investment objective, policies or restrictions of any Fund shall require the consent of the Depositary and the MFSA.

# Risk factors

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Investment in the Fund should be regarded as a medium to long term investment. **There can be no guarantee that the investment objective of the Fund set out herein will be achieved.**

The limitations arising from the size and illiquidity of some of the markets in which the Fund may invest may create potential risks for Investors in that a Fund may sometimes experience delays in liquidating assets in order to maintain the liquidity requirements of the Fund.

The types of securities available on such markets may be limited, often giving little choice in terms of yield, maturities, and names of issuers of securities. Furthermore, the presence of credit institutions on such markets may also be limited. This may lead to the exposure to a particular security, sector, issuer, obligor or credit institution to be higher than would be the case in more diversified capital markets.

Investment in securities denominated in different currencies involves certain risks. Similarly direct investment by the Fund in immovable property not situated in Malta may expose the Fund to currency risks. All these investments are subject to normal market fluctuations and to the risks inherent in all investments, including the risk of exchange rate fluctuations which may affect the value of the investment in terms of the Base Currency of the Fund, or of the reference currency of the Investor, adverse international and regional political and economic developments, the possible imposition of exchange controls or other local governmental laws or restrictions applicable to such investments, potential market volatility, lack of liquidity in some markets, the possibility of fraudulent securities, and limitations on the availability and reliability of investor information. Therefore, there are no assurances

that any investment in the Fund will yield a profit.

The Company can establish an unlimited number of separate Sub-Funds, each represented by a separate class of Shares. In terms of regulations issued under the Companies Act, a Shareholder's interest will be limited to the assets and liabilities represented by the Sub-Fund in which he invests. Investors should, however, be aware that in the event a claim is made against the Company, if the assets attributable to a Sub-Fund in respect of which the claim is made are insufficient to cover such claim, then the creditor may not be allowed by non-Maltese courts to have recourse to the assets attributable to other Sub-Funds if such non-Maltese courts refuse to apply the protection afforded to Shareholders under Maltese law.

Any financial instruments of the Company and the Fund that are required to be held in custody pursuant to the AIFMD shall be held in custody with the Depositary and/or its sub-custodians. Investors are hereby informed that cash and matured fiduciary deposits may not be treated as segregated assets and might therefore not be segregated from the Depositary's or sub-custodian's own assets in the event of the insolvency or the opening of bankruptcy, moratorium, liquidation or reorganization proceedings of the Depositary or its sub-custodian (as the case may be).

Where financial instruments are held with a sub-custodian of the Depositary or by a securities depositary or clearing system, such financial instruments may be held by such entities in client omnibus accounts and in the event of a default by any such entity, where there is an irreconcilable shortfall of such securities, the Company and its Sub-Funds may, subject to the provisions of

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AIFMD, have to share that shortfall on a pro-rata basis. Financial instruments may be deposited with clearing brokers which the Depositary is not obliged to appoint as its sub-custodians and which the Depositary shall have no liability in respect of the acts or defaults. There may be circumstances where the Depositary is relieved from liability for the acts or defaults of its appointed sub-custodians provided that the Depositary has complied with its duties in terms of AIFMD.

Where laws of a third country require that certain financial instruments be held in custody by a local entity and there are no local entities that satisfy the delegation requirements under the AIFMD, the Depositary can discharge itself of liability in certain circumstances under certain conditions.

In the event that the Company and its Sub-Funds invest in assets through financial or legal structures which it or the Manager (acting on behalf of the Company) does not directly or indirectly control or where the Company invests in fund of funds structures or master-feeder structures where the underlying funds have a depositary (or equivalent) which keeps in custody the assets of such funds, the Depositary is under no obligation to carry out its duties on a look-through basis down to the underlying assets of such structures and will not do so.

The Depositary's duty regarding monitoring of cash flows shall not apply to cash held by financial or legal structures directly or indirectly controlled by the Company or the Manager acting on behalf of the Company.

The price of shares can go down as well as up and Investors may not realise their initial investment. In particular, deduction of the Initial Fee means that if an Investor withdraws from the

Investment in the short term he may not get back the amount he invested.

#### **Risks associated with investing in other funds**

This Fund may invest in Eligible Funds or Exchange Traded Funds in which case the Fund will be exposed to the risk factors of the underlying assets in which these Funds invest.

#### **Investment in a fund of funds**

A disadvantage of a fund of funds approach is the additional costs associated with funds other than investments within other HSBC Group funds, which are in addition to the costs of the underlying Investments. Another disadvantage is the lack of day-to-day management control by the Fund over the investments held by these underlying Funds.

#### **Lack of diversification**

The Fund may, by virtue of its concentration of its investment in Property-Related Assets and immovable property situated outside Malta, be considered as lacking sector diversification in its investments. Accordingly a decline in the property sector is likely to cause the Fund's overall value to decline to a greater degree than if the Fund held a portfolio diversified over a number of sectors.

#### **Emerging markets**

Particular risks may apply to the Fund in view of the fact that it may invest in schemes or companies which are, or may be, exposed to a larger or lesser extent to emerging markets. Such risks will also apply to the investment by the Fund directly in real estate which is situated in emerging markets. Such investments in emerging markets can be subject to risks not normally associated with more developed markets, such as

the exposure to the risks of major political and economic changes. Such investments may also be adversely affected by higher counterparty risks, greater currency risks, higher price volatility and the effect of exchange control regulations. The supervision by governmental authorities and the legal environment of these economies may be less than adequate and some of these markets may not be subject to accounting, auditing and financial reporting standards comparable to those existing in more developed countries, thereby exposing the Fund to a greater degree of risk.

Furthermore, settlement and custody systems in emerging markets are not as well developed as those in more developed markets. Investors should also note that investment in the securities of smaller companies tend to be less liquid than the market in larger capitalised stocks and can be more sensitive to economic and other factors. In particular, smaller companies often have limited product lines, markets or financial resources.

In the event of a relatively high exposure by the Fund to one specific country or one specific economic sector, the Fund will in these circumstances face the risks normally associated with a lower diversification of assets as well as the risks, if any, which are particular to that country or economic sector in which the investment is made.

#### **Risk of leverage**

The Fund's assets may be invested in Property-Related Assets issued by underlying investment funds or companies which utilise leverage in their investment program. The use of leverage, while providing the opportunity for a higher return in investment, also increases the volatility of such investments and the risk of loss. Investors should be aware that an investment program utilising leverage is inherently more speculative, with a

greater potential for losses, than a program which does not utilise leverage. Please refer to the term 'Leverage' as defined in the 'Definitions' section of this Supplement.

#### **Illiquidity of investments**

The Fund will invest in Property Related Assets which are exposed directly to immovable property and/or investments in immovable property. Investments in property are relatively illiquid compared with other financial instruments and are significantly more difficult to realise. The Fund may therefore only be suitable for those investors who are able to make a longterm commitment of capital.

Although investors are permitted to make redemption requests on each Dealing Day, there is no guarantee that the Fund will be able to meet such redemption requests as the investments of the funds and entities in which the Fund will be investing are illiquid by nature and the Fund may not be able to redeem or sell its investments to facilitate redemptions. Furthermore, the Manager or the Directors may in their absolute discretion limit or defer the total amount of redemptions effected on any Dealing Day in accordance with the parameters set out in the Articles of Association of the Company. The Company may also, in specific circumstances as outlined under Appendix I hereof which is an extract from the Articles of Association of the Company, suspend the determination of the Net Asset Value.

The Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time in order to meet redemption requests.

#### **Market Risks**

The performance of the Fund will be affected by a number of market risks relating to the

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immovable property markets in the states where the underlying funds or entities are investing or where the real estate in which the Fund is investing is situated. Such market risks could include, inter alia: (a) conditions leading to an oversupply of space or a reduction in tenant demand for a particular type of property; (b) the quality of the property available; (c) the ability to maintain the recoverability of service charges and other expenditure and to control the cost of these items; (d) the potential illiquidity of property investments, particularly in terms of economic downturn; (e) increases in transaction costs including land taxes and duty on documents; (f) changes to lease, planning or other legislation affecting commercial property; and (g) the inherent difficulty in valuing property and property related assets due to the individual nature of each property.

Both rental income and property values may also be affected by other factors specific to the property market, such as (a) competition from other property owners; (b) the perception of prospective tenants of the attractiveness, convenience and safety of properties; (c) the inability to collect rents because of the insolvency of tenants or otherwise; (d) the periodic need to renovate, repair and re-lease space and the costs thereto; (e) the costs of maintenance and insurance; and (f) increasing operating costs. In addition certain significant expenditure, including operating expenses, must be met by the owner even when the property is vacant.

Property investments historically have experienced fluctuations and cycles in value and such market conditions may result in reductions in the value of Investments. The marketability and value of the Investments and the properties held by the underlying Investments and/or of the immovable property in which the Fund is

investing will depend on many factors beyond the control of the Manager, including global economic factors, changes in economic or political conditions, changes in interest rates and changes to the laws and regulations that apply to the particular property market. As with all investment assets, commercial property prices can be adversely affected by sharp and unexpected rises in inflation. Interest rates can be expected to rise in such an environment which, other things being equal, would depress property values. A number of property markets have experienced declining yields over recent periods, which has contributed to positive investment performance by stimulating capital growth. Future movements in property yields will depend on many factors beyond the control of the Manager, including changes in economic conditions and/or changes within the property markets and changes in interest rates. There can be no guarantee that future movements in property yields will continue to contribute favourably to investment performance. Furthermore, a continued decline in yields may lead to a situation in which the Manager considers that further investment is inappropriate.

ANY INVESTOR WHO IS IN ANY DOUBT ABOUT THE RISKS OF INVESTING IN THE FUND SHOULD CONSULT HIS OWN INTERMEDIARY OR OTHER LICENSED FINANCIAL ADVISER.



# The shares

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## Description of the shares

The shares in the Fund are ordinary shares, freely transferable, and unless otherwise stated enjoy equal rights participating equally in the profits of the Fund. The Company does not intend to distribute any dividends in respect of the HSBC Property Investment Fund - Accumulator Shares, and any profits will accumulate within this class. The Company will however distribute dividends in respect of the HSBC Property Investment Fund – Income Shares in such amounts as may be determined by the Directors in accordance with this Supplement.

Where the amount subscribed is not exactly equivalent to the value of an exact number of whole shares, fractional shares may be issued. Fractional shares will be issued to four decimal places. Fractional shares will be consolidated into whole shares when a holder holds enough fractional shares to make up a whole share. Fractional shares carry no voting rights.

Shares are issued in registered form and will be evidenced by entries on the Register of the Company.

Certificates will not be issued for the shares and Members shall not be entitled to demand the issue to them of a certificate representing the shares. Shares shall not have distinctive numbers.

## Founder shares

The Shares subscribed by the promoters of the Company at the time of establishment of the Company are, for administrative purposes, referred to as ‘Founder Shares’. The Founder Shares constitute a separate class of Shares, but do not constitute a sub-fund in the Company. The Founder Shares constitute the minimum number of ordinary shares that a company is required to maintain in terms of the Act.

501 Shares have been subscribed by the founder subscribers as follows: HSBC Global Asset Management (Malta) Limited has subscribed to 500 Shares on its own account and HSBC Life Assurance (Malta) Limited has subscribed to 1 Share on its own account.

## Institutional shares

Another 5 shares with no nominal value are referred to as the ‘Institutional Shares’. The Institutional Shares constitute a separate class of shares, but do not constitute a sub-fund in the Company. The Institutional Shares are fully paid up and subscribed by the Manager.

The holders of the Institutional Shares have the right to appoint one (1) Director of the Company by means of a written instrument. The holders of the Institutional Shares shall enjoy such right until such time as the Manager holds Institutional Shares and continues to act as Manager to any of the Funds of the Company. It also has the right to remove from office any Director appointed by it.

## HBMT as Nominee

In the implementation of the Investment Account System all the Shares issued to Shareholders shall, upon being issued, be registered in the name of HSBC Bank Malta p.l.c. ‘as nominee’.

## Investment account system

The Investment Account System will be operated by HBMT in Malta. Each investor shall open an account (the ‘Investment Account’) with HBMT by completing the appropriate application form (which will also include the terms of appointment of HBMT ‘as nominee’ for the Investor). Through the Investment Account System, an Investor (the ‘Account Holder’) may purchase and sell units in the Company by means of written instructions to HBMT. All purchases and sales

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will be recorded and confirmed by the issue of statements. Furthermore, the Account Holder will periodically, at least annually, receive a valuation showing inter alia (a) the number of units held by him, (b) the current market price of each such unit (the Net Asset Value), and (c) the total value of his holdings.

Through this system HBMT will at all times have a record of the shares held by it on behalf of each Investor. The Investor remains the beneficial owner of the shares with all relative rights (other than having them registered directly in his name) and in practice the Investor will be able to exercise all the rights appertaining to the shares, through HBMT as nominee. The terms and conditions of nomineehip, under which HBMT holds the shares for Investors, are stated in the Investment Account Application Form to which the attention of the Investor is drawn.

The confirmation in writing by HBMT of a transaction involving the purchase of shares by an Investor or the repurchase of shares by the Company will be evidence of the acquisition or the transfer of title in the shares as the case may be. The beneficial ownership of any Investor's holding is acknowledged by the Company in the Articles of Association.

In view of the nomineehip by HBMT for the Investors, the name of the Investors will not appear in the Register and will be kept confidential subject to the provisions of the Professional Secrecy Act, 1994.

The fact that HBMT, as nominee, has no personal interests in the units purchased and held by itself on behalf of Account Holders is being stated as a matter of record for all effects at law.

# Purchasing and repurchasing of shares

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## Pricing of shares

The Administrator shall calculate as at 08.30 am on each Dealing Day the Net Asset Value per share for the Fund.

The dealing price per share for purchasing or repurchasing the shares will be equivalent to the Net Asset Value per share of the Fund expressed in the Base Currency.

## Minimum Investment

The minimum investment in the Fund is of €10,000. Investors are also bound to retain this minimum investment during the time that they are shareholders in the Fund, unless any shortfall to such minimum investment results from a fall in the NAV of the Fund. No limit applies to any additional investment made by persons who are already shareholders of the Fund.

## Procedure for Investors to purchase shares

Applications for shares may be made through such Intermediaries as would have been appointed by the Manager and/or the Company. The applicant must first open an Investment Account with HBMT by completing the Investment Account Application Form which is available from all branches of HSBC Bank Malta p.l.c. The applicant shall comply with the Prevention of Money Laundering Act, 1994 as amended and the Prevention of Money Laundering and Funding of Terrorism Regulations 2008 (the 'AML Regulations') and the Relevant Requirements referred to below.

Furthermore the applicant undertakes to provide HBMT with any information required by either HBMT or the Company (including the Manager, the Administrator or any appointed Service Provider of the Company) to comply with such AML Regulations and the Relevant Requirements.

## *Anti-Money Laundering Requirements*

In order for the Administrator and/ or HBMT to meet their legal and regulatory obligations, relevant HSBC Group policies, or any request of a public or regulatory authority or pursuant to normal market practice which relate to the prevention of fraud, money laundering, terrorism or other criminal activities or the provision of financial and other services to any persons or entities which may be subject to sanctions (collectively 'Relevant Requirements'), the Administrator and/ or HBMT may take any necessary action including, without limitation, the checking of each prospective Investor or redeeming Investor against lists of persons, entities or organisations included on any so-called "watch list" or website containing such information, the request of additional information or documentation as well as the interception and investigation of transactions in relation to the Fund including the source of or intended recipient of funds paid in or out in relation to the Fund.

In certain circumstances, such action may delay or prevent the processing of Investors' Instructions and the Investor agrees that the Administrator and /or HBMT may in such circumstances also refuse to process any such Instructions. In such event, where possible and permitted under applicable law, the Administrator and/or HBMT will endeavour to notify the Investor of the existence of such circumstances as soon as is practicable.

The Administrator and /or HBMT shall not be liable for any loss or damage suffered by the Investor arising out of or caused in whole or in part by any actions which are taken by the Administrator or HBMT to comply with the Relevant Requirements.

The Purchase Application Form must be accompanied by a duly executed Experienced

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Investor Declaration Form (the Purchase Application Form and the Experienced Investor Declaration Form to be collectively referred to as the '**Application Form**' for the purposes of this Supplement) in the form of Appendix V hereof whereby the investor must represent and warrant to the Company that he is an Experienced Investor and is able to acquire Shares on the basis of this qualification. The Company will not knowingly offer or sell Shares to any investor to whom such offer or sale would be unlawful.

HBMT will not process applications until it is satisfied with the information given in the Application Form and in compliance with the formalities required under the Prevention of Money Laundering legislation. HBMT reserves the right to reject any application to open an Investment Account or to purchase units in whole or in part. Any change to an Account Holder's personal details must be immediately notified to HBMT in writing.

Requests to buy shares (in original) which are received by HBMT up to 12.30 p.m. of the Business Day preceding the Dealing Day will, if accepted by HBMT, be submitted for dealing at the price calculated on the following Dealing Day. Requests received after 12.30 p.m. of the Business Day preceding the Dealing Day will be carried forward to the subsequent Dealing Day.

In all cases, applications (in original) will only be accepted if accompanied by payment in cleared funds by the above-mentioned deadline into the designated account held by HBMT for this purpose. Such clients' monies are held in an account with HSBC Bank Malta p.l.c. (the 'Bank'). The Bank has acknowledged in its capacity as banker that it will not attempt to enforce or execute any charge, right of setoff or other claim against the clients' account or combine the clients' account with any other

account. No interest is paid to Investors in respect of monies held in such clients' account and any interest accrued on such client monies will be retained by HBMT.

Other methods of payment and the conditions applicable to cases of acquisition of units by the transfer of securities to the Fund are subject to the prior approval of the Manager (and/ or the Company) and of the Depositary where applicable, who shall be entitled to lay down such conditions as they deem appropriate from time to time and from case to case.

In the event that a payment is received (cleared) **after** the latest time (i.e. 12.30 p.m.) prior to a Dealing Day or an Application Form cannot be processed due to it being incomplete or incorrect, monies will be held for the Investor in HBMT's clients' account with HSBC Bank Malta p.l.c. as one of the bankers. No interest will be paid thereon to investors and any interest accrued on such client monies will be retained by HBMT.

HBMT may however on an exception basis and with the approval of the Manager accept to process an application received by the designated deadline, but in respect of which cleared monies have not yet been received, if this delay was due to error or circumstances beyond the control of the Investor or other justifiable reason acceptable to HBMT.

Purchase requests, if accepted, will be effected at the price per share calculated on the Dealing Day on which the transaction will be executed.

Settlement details are set out in the Purchase Application Form. When payment is effected by an Investor in any currency other than the relevant Base Currency, HBMT will as soon as practicable convert such payment into that Base Currency at the current market rate of exchange with such conversion being entirely at the cost

and risk of the Investor. The converted value, denominated in the Base Currency, will then be applied, net of the relevant Initial Fee, to acquire units in the Fund. No purchases will be made until such time as a payment in a currency other than the relevant Base Currency is so converted.

Each Investor must represent and warrant to HBMT that, among other things, he/she is able to buy shares without violating any applicable laws. Reference is made to the clauses of the Investment Account Application Form which are relevant in this regard.

Statements will be issued as soon as possible following the Dealing Day on which the order is processed and normally will be dispatched by no later than the first Business Day following execution. Statements will contain full details of the transaction.

### Subscriptions in Specie

The Company shall, at its option, be entitled to receive securities or other assets from a prospective Shareholder in exchange for units in the Fund in accordance with applicable law and the conditions set out in Article 7.3 of the Articles of the Company. The value of units issued in consideration for such in specie subscription will be net of any transfer costs, taxes and other expenses incurred by the Fund in relation to such investment.

### Procedure for Investors to request repurchase of shares by the Fund

Investors may at any time request in writing the repurchase by the Company of their shares. Repurchase requests, in a form acceptable to HBMT, may be made to HBMT in writing.

Requests to repurchase shares (in original) which are received by HBMT up to 12.30 p.m. of the Business Day preceding the Dealing Day will,

if accepted by HBMT, be submitted for dealing at the price calculated on the following Dealing Day. Requests received after 12.30 p.m. of the Business Day preceding the Dealing Day will be carried forward to the subsequent Dealing Day.

Repurchase requests, if accepted, will be effected at the price per share calculated on the Dealing Day on which the transaction is executed.

Repurchase proceeds will not be remitted to the Investor until all documents requested have been received and found to be in order.

Payment of the repurchase proceeds will be made by HBMT within 14 Business Days of the relevant Dealing Day. Such payments shall be made through the direct crediting of the Investors' bank account in Malta as indicated to HBMT. Payment of the repurchase proceeds may be delayed in the case of extraordinary circumstances, including without limitation the default or delay in payments due to HBMT as nominee from banks or other persons (including the Funds and any of its service providers).

In the case of joint holders, HBMT will act in accordance with the signing instructions indicated by the joint holders at the time of opening the account or in accordance with such other signing instructions as subsequently notified to HBMT in writing by the joint holders.

Repurchase proceeds can only be remitted to a person who is a party to the Investment Account.

Payments shall be made in the Base Currency provided that if an Investor requests payment of the repurchase proceeds to be effected in another currency, then such conversion as effected by HBMT shall be entirely at the cost and risk of the Investor.

Statements will be issued as soon as possible following the Dealing Day on which the order is effected and normally will be dispatched by

no later than the first Business Day following execution. Statements will contain full details of the transaction.

Investors may not revoke or withdraw repurchase requests delivered to HBMT, even if the Directors elect to exercise their power of deferral.

In the case of partial repurchase requests HBMT shall comply with such requests only to the extent that the value of the remaining shares will not fall below the minimum investment.

#### **Redemptions in specie**

The Company may, when an Investor has made a repurchase request, with the approval of the Depositary and the Investor, satisfy any such repurchase instructions by the transfer to that Investor of assets of the Fund in specie.

In these circumstances, the Company shall transfer to such investor that proportion of the assets of the Company which is then equivalent in value to the shares of the Investor requesting the repurchase of shares, but adjusted as the Company may determine to reflect the liabilities of the Company.

The nature of the assets and the type of the assets to be transferred to an Investor in the aforementioned circumstances shall be determined by the Company on such basis as the Company, with the consent of the Depositary, shall deem to be fair and not prejudicial to the interests of the remaining Investors. For the foregoing purpose, the value of assets shall be determined on the same basis as used in calculating the Net Asset Value.

#### **Deferral of repurchases**

The Articles contain special provisions which allow the Directors to limit the total number of shares which may be repurchased on any Dealing

Day to 5% of the outstanding shares in any Fund. In such an event the Directors will reduce all valid repurchase requests pro rata to the said 5% of the shares and shall repurchase the excess of the shares on the next Dealing Day, subject to the Directors' same power of deferral until the original repurchase requests have been fully satisfied.

#### **Mandatory repurchase**

The Directors and/or the Manager and/or HBMT have the power to impose such restrictions as they may deem necessary for the purpose of ensuring that no shares in the Company are acquired or held by any person in breach of the law or requirements of any country or governmental authority. In this connection, the Company and/ or the Manager and/or HBMT may (a) reject the application or (b) on notice in writing to an Investor, repurchase such shares.

In such event, the proceeds shall be held by HBMT in its clients' account for the beneficiary and, in so far as it is permitted to do so, shall pay the same to the beneficiary in accordance with its instructions. No interest shall be payable by HBMT on such funds.

#### **Temporary suspension of repurchase of shares**

The Company has the power to suspend repurchase of shares and to repurchase only part of the shares for which repurchase requests have been received if the Company determines that the calculation of Net Asset Value is not practicable or reasonable, or that the repurchase of shares would involve the realisation of assets of the Fund which in the opinion of the Company could, if realised at that particular moment in time, adversely affect and prejudice the interest of the Investors.

No dealing in shares shall be made during any period when the repurchase of shares has been suspended.

Notice of the suspension of repurchase of shares will be given to any Investor making a repurchase request. The repurchase will then take place on the first Dealing Day following the end of the suspension.

### **Exchange of shares**

Investors may exchange all or part of any holding of shares in one Sub-Fund (the '**Original Shares**') into shares in another Sub-Fund or in a different class of the same Sub-Fund.

An irrevocable request to exchange shares made by an Investor shall be construed (including for tax purposes) as being a request for the repurchase of the stated number of Original Shares (save that the repurchase monies shall not be released to the Investor) and a simultaneous request for the proceeds from such repurchase to be applied in the purchase of New Shares indicated by the Investor. The provisions on the repurchase and acquisition of shares contained in this Supplement and the terms and conditions of the Investment Account System shall apply to such exchange of shares. The exchange of shares shall take place on the same Dealing Day at the relevant Dealing Prices.

An irrevocable request to exchange shares made by an Investor shall be construed (including for tax purposes) as being a request for the repurchase of the stated number of Original Shares (save that the repurchase monies shall not be released to the Investor) and a simultaneous request for the proceeds from such repurchase to be applied in the purchase of New Shares indicated by the Investor. The provisions on the repurchase and acquisition of shares contained in this Supplement and the terms and conditions of the Investment Account System shall apply to such exchange of shares. The exchange of shares shall take place on the same Dealing Day at the relevant Dealing Prices.

If for any reason whatsoever the repurchase of the Original Shares and the purchase of the New Shares cannot both be completed on the same Dealing Day, then the request to exchange shares shall be processed on the next Dealing Day when such repurchase and purchase can both be completed.

The number of New Shares to be issued on exchange shall be determined in accordance (or as nearly as may be in accordance) with the following formula:-

$$NS = \frac{[(A \times B) - C] \times D - E}{F}$$

where:-

- NS = the number of New Shares which will be issued; and
- A = the number of Original Shares to be exchanged; and
- B = the repurchase price of such Original Shares on the relevant Dealing Day; and
- C = any transaction costs and/or tax charges applicable (including any exchange charge payable); and
- D = if applicable, the rate of exchange determined by the Directors for converting the Base Currency of the Original Shares into the Base Currency of the New Shares; and
- E = the initial charge payable in respect of NS, if applicable; and
- F = the issue price of the New Shares on the relevant Dealing Day (including any commissions payable but excluding any Initial Fees).

Any request for an exchange of shares shall also be subject to the Minimum Investment requirements if any, and HBMT shall not accept

any request where such Minimum Investment requirements will not be met in respect of both the Original and the New Shares. The Company may at its complete discretion repurchase the shares of an investor in the event that the aggregate holding of Shares is less than the minimum required by this Supplement.

Please refer to pages 44 and 45 of this Supplement for details on any switching fees that may be applicable on an exchange of shares.

#### **Valuation of assets and suspension of dealing**

The Net Asset Value of the Fund will be calculated on each Dealing Day as stated in Appendix I hereto.

The Directors have the power to suspend calculations of the Net Asset Value in the circumstances set out in the said Appendix I.

No issue or repurchase of shares will take place during any period when the calculation of the Net Asset Value is suspended. The Directors reserve the right to delay payment of repurchase proceeds to persons whose shares have been repurchased prior to such suspension until after the suspension is lifted, such right to be exercised in circumstances when the Directors believe that to make such payment during the period of suspension would materially and adversely affect and prejudice the interest of continuing Investors.

Notice of any suspension or postponement of the calculation of the Net Asset Value of the Fund will be published in a daily newspaper and/or such other newspapers as the Directors may from time to time determine and will also be notified to the MFSA, immediately it is so determined. The MFSA have the power to suspend the dealing in shares in terms of the Guidelines.

#### **Recording and issuance of Shares by the Administrator /Registrar**

In view of the Investment Account System adopted by the Company in terms of its Memorandum and Articles of Association, there will only be one Registered Shareholder in the records of the Company (i.e. 'HBMT as nominee'). The Administrator is therefore bound to recognise and issue shares only to 'HBMT as nominee' and not to any other party.

It will be the sole responsibility of HBMT to observe the dealing timeframes set out in the Prospectus and to forward applications for subscription, redemption and conversion of Shares within the timeframes and in line with the procedures as agreed by HBMT and the Administrator.

#### **Publication of share prices**

Details of the most recent Net Asset Value per share may be obtained from the Manager and all branches of HSBC Bank Malta p.l.c., and are also published on the website [www.hsbc.com.mt](http://www.hsbc.com.mt)

The share prices may also be published in such other media as may be determined from time to time by the Directors.

Since the Fund has both income distributing and accumulating classes of shares within it, the publication of share prices shall include the respective NAV per share for each such class.

#### **Investors' rights**

The shares are registered in the name of HBMT 'as nominee' for all the Investors in the Company apart from when HBMT acquires shares on its own account. The Investors have the following rights:

##### *Rights of ownership*

The Account Holders are the beneficial owners of the units held for them by HBMT. When the



Account Holder is himself a nominee, he is deemed to be the owner of the units.

#### *Voting rights*

Rules for the calling and conduct of meetings of Members are contained in the Articles. HBMT will pass such information to the Account Holder and issue such proxies as the said person shall request, including the Investor himself. The Investor would then be able to act directly in relation to the shares. On a show of hands, every person shall be entitled to one vote during general meetings. On a poll every person has one vote for every complete undivided share in the Company. An Account Holder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way. Fractional shares shall not carry any voting rights.

#### **Annual and interim reports**

Copies of the audited financial statements of the Company, which will be prepared in the Base Currency, will be up to the 31 March in each year and will be sent to HBMT as the registered Member not less than 14 Clear Days before the date fixed for the general meeting of the Company at which they will be presented, and HBMT will forward such statements to any Investor who may request a copy.

The Annual Report is published within 4 months after the end of the Accounting Period. The interim report is published within 2 months after the date on which it is to be prepared in terms of the Guidelines and the Bye-Laws. Copies of any annual and interim reports issued by the Company will be available, free of charge, from all branches of HSBC Bank Malta p.l.c. and by logging on [www.hsbc.com.mt/1/2/mt/en/personal/investing-and-planning/investments/local-funds/funds-financial-reports](http://www.hsbc.com.mt/1/2/mt/en/personal/investing-and-planning/investments/local-funds/funds-financial-reports)

Copy of the unaudited interim financial statements shall also be sent to all Investors who request a copy there of through HBMT. Any notice or other document received, with the exception of the Annual and Interim reports, will be immediately forwarded to all Account Holders by HBMT.

#### **Annual general meeting**

The annual general meeting of the Company shall be held on a Business Day of each year as the Directors may determine in accordance with the Act and such meeting shall, for all effects and purposes, be deemed to be the annual meeting of Investors.

#### **Disclosures to Investors**

The Company shall periodically give Investors (where applicable), at least on a monthly basis, information regarding:

- the historical performance of the Funds;
- the latest NAV of the funds/the latest market price of the unit or share of the funds;
- the percentage of the Funds' assets which are subject to special arrangements arising from their illiquid nature;
- the current risk profile of each of the Funds; and
- the total amount of leverage employed by the Funds.

Such information will be published online on [www.hsbc.com.mt](http://www.hsbc.com.mt) and fact sheets will be made available to Investors and prospective investors, free of charge from all branches of HSBC Bank Malta p.l.c.

In addition, relevant details of the risk management systems and new arrangements for managing the liquidity of the Funds, employed by the Company will be provided for in the Annual Report, the latest version of which will be publicly available.

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### Communication

The Company will provide most of its documentation in English. Investors may however communicate with the Company or the Manager in English or Maltese.

### Complaints

If you need further information, have concerns or a complaint please contact the Manager at HSBC Global Asset Management (Malta) Limited, 1st Floor, Business Banking Centre, Mill Street, Qormi, QRM 3101. The Compliance Officer will investigate your query or complaint promptly and will give you a written reply as soon as possible. If your complaint is not dealt with to your satisfaction you can forward your complaint to the Arbitrator For Financial Services in terms of Chapter 555 of the Laws of Malta.

### Notices

Notices are lawfully served by the Company on HBMT as the registered Member.

# The Manager

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## Name

HSBC Global Asset Management (Malta) Limited.

## Registered address

Business Banking Centre, Mill Street,  
Qormi QRM 3101.

## Date of incorporation

18 October 1996

## Registration No.

C 20653

## Status

The Manager is a limited liability company established in Malta and is a wholly owned subsidiary of HSBC Bank Malta p.l.c.

The Manager was duly licensed to provide investment services by the MFSA under the ISAct on the 31 January 1997. The corporate objectives of the Manager are the promotion, development, distribution and management of collective investment schemes in and from Malta. On the 21 July 2014, the Manager was licensed as an Alternative Investment Fund Manager ('AIFM') in accordance with Directive 2011/61/EU and is authorised to provide investment management services to collective investment schemes in terms of the ISAct.

## Authorised and Issued share capital

The authorised share capital is of €4,658,746.80 whilst the issued share capital is of €4,658,746.80 fully paid-up. The Manager is of the view that the issued shares capital constitutes sufficient own funds to cover potential liability risk which could arise from the professional negligence of the Manager.

## The Board of Directors of the Manager

*Andrew C Beane* (British Nationality) Appointed Chief Executive Officer in November 2015 and

Director of HSBC Bank Malta p.l.c in March 2016. During to 2016 he was also appointed Chairman of HSBC Life Assurance (Malta) Ltd and HSBC Global Asset Management (Malta) Ltd. Prior to taking up his appointments in Malta, Mr Beane was Chief of Staff to the CEO of HSBC Europe, Middle East and Africa in which capacity he served as a member of the Executive and Risk Committees of HSBC Bank plc. He is also a non-executive director of HSBC Bank Armenia. Mr Beane has been with the HSBC Group since 2002 and his previous roles include assignments in the United Kingdom, United Arab Emirates, Hong Kong and the United States, principally in the areas of Commercial Banking and Strategy & Planning.

*Ms Irina Seylanyan* (Armenian Nationality) appointed director of HSBC Global Asset Management (Malta) Ltd in October 2016. Ms Seylanyan occupies the position of the Head of Global Banking and Markets for HSBC Bank Malta p.l.c. since 1 May 2016. She joined HSBC Group in Armenia in 1997, where she occupied various senior positions, most notably as Head of Global Banking and Markets and Deputy CEO. Prior to moving to Malta Ms Seylanyan worked in London for 3 years, where she undertook a senior management role within the Global Commercial Banking focused on regulatory change. Ms Seylanyan holds degree in Engineering and is a fellow of the Association of Chartered Certified Accountants.

*Mr Daniel Robinson* (English Nationality) has 15 years financial services experience. He has worked across a number of businesses and markets within HSBC. Daniel has lead operational and cultural transformation programmes with budgets in excess of GBP30 million. He has lead frontline teams in different

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markets including Asia and the UK. Prior to moving to Malta, Daniel was a member of the European Retail Banking and Wealth Management executive committee where he led a customer transformation programme across the UK business. Daniel is currently Head of Retail Banking and Wealth Management at HSBC Bank Malta p.l.c. and is appointed as a Director on the boards of HSBC Life Assurance (Malta) Ltd and HSBC Global Asset Management (Malta).

*Mr Matteo Pardi* (Italian Nationality) is Chief Executive Officer, HSBC Global Asset Management (France). Matteo joined HSBC in 2001 to establish HSBC Global Asset Management's presence in Italy and in 2007 became Head of Southern Europe (Italy, Iberia, Greece) for HSBC Global Asset Management. Since 2011, Matteo has been HSBC Global Asset Management's Head of Wholesale for Continental Europe. Before joining HSBC, Matteo worked in Paris for Banque Sovac Lazard Group and GE Capital and in Milan for Citigroup and JPMorgan Asset Management.

*Ms Muriel Rutland* (Maltese Nationality) is the Managing Director of HSBC Global Asset Management (Malta) Ltd, a position she has occupied since January 2013. Muriel joined HSBC in 2002 as a first-class graduate in banking and finance. In 2009, she was appointed Chief Investment Officer and Deputy Chief Executive Officer of HSBC Global Asset Management (Malta) Limited. Muriel also headed HSBC Global Asset Management (Malta) Limited's fixed income desk until December 2012. Ms Rutland is a Director on the Board of Tigne Mall p.l.c. since June 2016.

### Management Agreement

By an agreement dated 31 January 1997 as amended and restated on 2 May 2002 the Manager

was appointed to be the investment manager of the Company (the 'Management Agreement'). Subsequently an Addendum dated 7 October 2005 and Addendum dated 14 November 2006 to the Management Agreement was entered into between the Manager and the Company in relation to the Equity Growth Fund and the HSBC Property Investment Fund respectively. The Management Agreement was revoked and replaced by an amended and restated Management Agreement dated 21 July, 2014 to cater for the additional requirements under the AIFM Directive.

In terms of the Management Agreement, the Manager may, with the Company's consent, appoint an Investment Adviser.

The Management Agreement contains provisions indemnifying the Manager against actions and claims not resulting from fraud, willful default or negligence of the Manager including unjustifiable failure to perform its obligations. In the absence of any of the foregoing, the Manager will not be liable to the Company.

The Manager will be entitled to receive a fee from the Company, details of which are given in this Prospectus, and to receive reimbursement from the Company of all its operating expenses in connection with the Fund, as more fully described in the Management Agreement.

Either party is entitled to terminate the Management Agreement by giving not less than three months' notice in writing to the other to expire at any time. The Management Agreement may also terminate or be terminated upon the occurrence of certain specified events therein mentioned, for example, the insolvency of either party.

A copy of the Management Agreement is available for inspection at the registered office of the Company and the Manager.

# The Administrator and Registrar

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## Name

Deutsche International Corporate Services (Ireland) Limited.

## Registered address

Pinnacle 2, Eastpoint Business Park  
Dublin 3, Ireland

## The Administrator and Registrar

Deutsche International Corporate Services (Ireland) Limited is a limited liability company registered in Ireland on 19 September 1989 with registration number 145928 and is a wholly owned subsidiary of Deutsche Bank AG.

The Administrator is regulated by the Central Bank of Ireland to provide fund administration services.

By an agreement dated 12 February 2014 entered into between the Company, Deutsche International Corporate Services (Ireland) Limited and the Manager, Deutsche International Corporate Services (Ireland) Limited was appointed as Administrator to perform certain administrative functions and services including acting as Registrar in relation to the Company and the Funds. This agreement was subsequently revoked and replaced with a new Administration Agreement dated 21 July 2014 primarily to reflect that the appointment of appointment of Deutsche International Corporate Services (Ireland) Limited to perform certain administrative functions and services including acting as Registrar in relation to the Company and the Funds was being made directly by the Company (and not the Manager).

## Fund Administration Agreement

The Company appointed Deutsche International Corporate Services (Ireland) Limited to provide certain administration functions in respect of

the Company and the Funds including acting as Registrar.

The Fund Administration Agreement contains provisions indemnifying the Administrator or any of its Affiliates, members, officers, directors, employees representatives, delegates or agents (each, an 'Indemnified Person'), from and against any and all actions, proceedings, claims, liabilities, obligations, losses, damages, penalties, causes of action, demands, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, including, without limitation, reasonable attorney's fees and expenses (the 'Indemnified Losses'), that may be imposed on, incurred by, or asserted against it or them in any way relating to or arising directly or indirectly out of the Agreement, except to the extent that the Indemnified Losses are arising out of or in connection with any Indemnified Person's negligence, gross negligence, willful default or fraud in performing its duties under the Agreement. Furthermore, where Losses result directly from an Indemnified Person's negligence only, the Indemnified Person's liability for such Losses shall in no event exceed 150% of the aggregate amount of fees received by the Administrator for services provided in the twelve (12) month period preceding the date of the claim made against the Administrator.

The Company has further undertaken that it will not hold the Manager liable for Losses and/or request the Manager to make up for any Indemnified Losses which are not paid or otherwise covered by the Administrator in cases where such Losses or Indemnified Losses result from, arise out of or are in connection with an Indemnified Person's negligence, gross negligence, willful default or fraud in performing its duties under the Agreement and accordingly this shall supersede and replace any liability

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clause in respect of administration services provided in terms of the original investment management agreement dated 31st January 1997 as subsequently revoked and replaced by the agreement dated 2nd May 2002.

The parties are entitled to terminate the Administration Agreement by giving not less than three months' notice in writing to the other. The Administration Agreement may also terminate or be terminated upon the occurrence of certain specified events therein mentioned, for example, the insolvency of the parties.

A copy of the Administration Agreement is available for inspection at the registered office of the Company and the Administrator.

# The Depositary

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## Name

Sparkasse Bank Malta p.l.c.

involved in the provision of a comprehensive range of financial services in Malta.

## Registered address

101, Townsquare,  
Ix-Xatt Ta' Qui-Si-Sanna  
Sliema SLM 3112,  
Malta

## Terms of agreement

The Company and the Manager have entered into a depositary agreement with Sparkasse Bank Malta p.l.c. in respect of the current Sub-Funds dated 5 December 2016 (the "Depositary Agreement"), for an unlimited period of time, under the terms of which Sparkasse Bank Malta p.l.c. was appointed as the depositary of the Sub-Funds in accordance with the requirements of the AIFMD (as transposed into Maltese law).

## Status

Sparkasse Bank Malta p.l.c. is a public limited company registered under the laws of Malta, with registration number C27152 and registered office at 101 Townsquare, Ix-Xatt Ta' Qui-Si-Sana, Sliema SLM 3112, Malta.

The Depositary Agreement may be terminated by the Depositary or the Company and the Manager (by joint notice) at any time subject to prior written notice of at least nine(9) months, in accordance with the terms of the Depositary Agreement. The Depositary Agreement may also be terminated with immediate effect in certain cases outlined therein.

The parent undertaking of Sparkasse Bank Malta p.l.c. is Anteilsverwaltungssparkasse Schwaz ("AVS"), a corporate entity governed by the Austrian Savings Bank Act, established in Austria, whose activities consist in holding and managing its assets, mainly its participation in Sparkasse Schwaz AG and Sparkasse Bank Malta p.l.c. The AVS currently holds 100 % of the shares of Sparkasse Schwaz AG and 90% of the shares in Sparkasse Bank Malta p.l.c. The remaining 10% of the shares in Sparkasse Bank Malta p.l.c. are held by Sparkasse Schwaz AG. Sparkasse Schwaz AG is a savings bank established in Austria; it is a member of the Austrian savings banks forming part of the Erste Group.

The Depositary is responsible for:

- (i) the safekeeping of all the assets of each Sub-Fund, which means: (a) holding in custody all financial instruments of the Company' Sub-Funds that can be held in custody in accordance with the AIFMD (as transposed into Maltese law), and (b) verification of ownership and record keeping in respect of other assets of the Company's Sub-Funds;
- (ii) cash flow monitoring in terms of Article 22 (7) of AIFMD (as transposed into Maltese law); and
- (iii) the oversight functions in terms of article 21(9) of AIFMD (as transposed into Maltese law), namely:
  - (a) ensuring that the sale, issue, re-purchase, redemption and cancellation of shares of the Sub-Funds are carried out in accordance with the provisions of the

Sparkasse Bank Malta p.l.c. is licensed by the MFSA to carry out the business of banking as a credit institution in terms of the Banking Act (Chapter 371 of the Laws of Malta), and to provide investment services and to act as custodian for collective investment schemes under the Investment Services Act (Chapter 370 of the Laws of Malta). Sparkasse Bank Malta p.l.c. provides safekeeping and related services to various other funds and entities in various jurisdictions, and is actively

- Investment Services Act, the Rules and regulations issued thereunder, and the Articles;
- (b) ensuring that the value of the shares of the Sub-Funds is calculated in accordance with the provisions of the Investment Services Act, the Rules and regulations issued thereunder, the Articles and the valuation procedures as outlined in the applicable Investment Services Rules;
  - (c) carrying out the instructions of the Manager, unless they conflict with the provisions of the Investment Services Act, the Rules and regulations issued thereunder, and the Articles;
  - (d) ensuring that in transactions involving the Sub-Fund's assets any consideration is remitted to the Company within the usual time limits;
  - (e) ensuring that the Sub-Fund's income is applied in accordance with the provisions of the Investment Services Act, the Rules and regulations issued thereunder and the Articles.

The Depositary is responsible for verifying the calculation of any performance fee in terms of the Investment Services Act (Performance Fees) Regulations (Legal Notice 239 of 2006), if any, and ensuring that such performance fee is payable in accordance with the relevant provisions of the same Regulations.

Pursuant and subject to the terms of the Depositary Agreement and the AIFMD (as transposed into Maltese law), the Depositary is authorised to delegate its safekeeping function to sub-custodians, delegates, nominees and/or a prime broker (a "Sub-Custodian").

Upon the Company's and the Manager's request, the Depositary has agreed to appoint HSBC Bank

plc, a public limited company incorporated in England and Wales with company registration number 00014259 and with its registered office at 8 Canada Square, London, E14 5HQ ("HSBC London") as a Sub-Custodian to safe-keep financial instruments for markets covered by HSBC London and its sub-custody network.

Pursuant to the terms of the global custody agreement between HSBC London and the Depositary (the "Sub-Custody Agreement"), HSBC London may delegate its duties under the Sub-Custody Agreement to agents, sub-contractors, nominees, sub-custodians and other third parties (the "Sub-Delegates") selected by the HSBC London. HSBC London will exercise due skill, care and diligence in the selection, appointment and periodic review of its Sub-Delegates (other than "Clearing Systems", i.e. the clearance and settlement systems operated by Euroclear Bank S.A./N.V., Euroclear UK & Ireland Limited and Clearstream Banking Luxembourg S.A. and any other generally recognised market clearance facility, settlement system, dematerialised book entry system, centralised custodial depository, foreign exchange settlement system or similar facility, system or depository).

HSBC London is independent from and not affiliated to the Depositary; the Depositary deals with HSBC London on an arm's length basis, and does not receive any commissions or inducements from it in respect of assets held with it in respect of the Sub-Funds.

The liability of the Depositary in terms of the AIFMD shall in principle not be affected by any delegation of its custody function to HSBC London. The Depositary shall be liable to the Company, in respect of the relevant Sub-Fund, for the loss of a financial instrument held in custody, by the Depositary or a Sub-Custodian to



whom the custody of financial instruments held in custody has been delegated. In the case of such a loss of a financial instrument held in custody, the Depositary shall return a Financial Instrument of identical type or the corresponding amount to the Company, in respect of the Fund, without undue delay. The Depositary shall not be liable if it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

In case of a loss of financial instruments held in custody by a Sub-Custodian, the Depositary may discharge itself of liability if it can prove that:

- (i) the requirements for the delegation of its custody tasks as per the Depositary Agreement are met;
- (ii) a written contract between the Depositary and the Sub-Custodian expressly transfers the liability of the Depositary to the Sub-Custodian and makes it possible for the Company or the AIFM acting on behalf of the Company to make a claim against the Sub-Custodian in respect of the loss of financial instruments or for the Depositary to make such a claim on the Company's or AIFM's behalf;
- (iii) the Depositary Agreement allows a discharge of the Depositary's liability and establishes the objective reason to contract such a discharge.

The Depositary does not currently intend to enter into any agreement with HSBC London to contractually discharge its liability for the loss of financial instruments. In the event that the Depositary wishes to appoint or use another Sub-Custodian, it may however wish to enter into an arrangement to contractually discharge itself of liability in accordance with Article 21(13) of

the AIFMD or Article 21(14) of the AIFMD (as transposed into Maltese law).

Save as aforesaid, the Depositary shall be liable to the Company, in respect of the relevant Sub-Fund, for all losses suffered by it as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the relevant provisions of the Investment Services Act (Chapter 370 of the Laws of Malta), the Investment Services Act (Custodians of Collective Investment Schemes) Regulations (S.L. 370.32) and the applicable Investment Services Rules. Otherwise, the Depositary shall not be liable for any loss or damage, save and to the extent that the AIFM or the Company suffers any loss or damage arising as a result of the negligence, wilful default or fraud on the part of the Depositary (and the Depositary shall only be so liable to the AIFM or the Company, as the case may be).

Pursuant to the Depositary Agreement, the Company agreed to hold harmless and fully indemnify the Depositary (and each of its directors, officers, employees and agents) against all actions, proceedings, claims, loss or damages, costs, demands and expenses (including reasonable pre-agreed legal and professional expenses) which may be brought against, suffered or incurred by the Depositary in relation to the Depositary's performance of its services, duties or functions under or pursuant to this Agreement or other agreements the Depositary enters into or executes because of its role as Depositary of the Fund; and the insolvency, acts or omissions of the Company, Manager, the Administrator or any other service provider, or any third party appointed by the Company or the AIFM; except where and to the extent that the Depositary is liable for such loss or prejudice in terms of the Depositary Agreement.

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Pursuant to the Depositary Agreement, the Depositary shall not re-use, and shall not grant any Sub-Custodian the right to re-use, any assets of the Funds for its own account or the account of other clients, unless otherwise agreed between the Company or the AIFM acting on behalf of the Company, and the Depositary.

The fees and disbursements and expenses of HSBC London will be charged and payable from the assets of the Sub-Funds in addition to the Depositary's fees expenses as set out in the Depositary Agreement.

The Depositary may perform banking and certain investment services (in particular, the execution and, or receipt and transmission of orders in relation to financial instruments) for the Funds. Cash of the Company and its Sub-Funds will be held by the Depositary as banker.

The Depositary does not provide any services to the Funds other than those described above. In particular, it is not responsible for the valuation of the assets of the Funds, the calculation of the Net Asset Value, or the marketing or distribution of the Fund shares. The Depositary is not involved, directly or indirectly, with the business affairs, organisation, sponsorship or management of the Company or its Funds and is not responsible for the preparation of this document or any supplement and accepts no responsibility for any information contained in this document or any supplement.

# Conflicts of interest

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The Directors, the Manager, the Depositary, the Administrator and other companies within their respective groups and their officers and major shareholders are or may be involved in other financial, broking, investment or other professional activities which, in the course of their business, may on occasion give rise to conflicts of interest with the Company.

In such circumstances, such persons will have appropriate regard to their respective obligations under the agreements appointing them to act in the best interests of the Company, so far as practicable having regard to their obligations to other clients or schemes, when potential conflicts of interest may arise.

Having regard to these obligations, the Company may buy investments from or sell investments to such persons, provided that such dealings are on an arm's length basis and on terms no less favourable to the Company than could reasonably have been obtained had the dealing been effected with an independent third party. Such persons may also hold shares in the Company. Should a conflict of interest arise, the Directors and the Manager will endeavour to ensure that it is resolved fairly and that the Company should not be disadvantaged.

In the course of acting as Manager for the Fund, the Manager or its directors or employees may from time to time take decisions to invest in instruments issued by:

- (a) collective investment schemes managed by the Manager;
- (b) collective investment schemes managed by a member of the HSBC Group;
- (c) HSBC Holdings p.l.c. or its subsidiaries when these investments /instruments are listed and traded on an International Stock Exchange.

In order to maximise the degree of protection of the Company's interests, the Manager has undertaken that, in any other circumstance not

mentioned in (a) to (c) above, no decision shall be taken in relation to such securities without the consent and approval of an independent person appointed by the Manager for such purpose.

The Manager shall abstain from voting in respect of any resolution on an underlying investment on which the Manager may have a conflict of interest, unless the Manager has obtained appropriate instructions to vote on such a resolution from the independent Directors of the Company.

Additionally the Manager and other companies within the Group ('the parties') have established procedures which are designed to identify and manage conflicts of interests. These include organisational and administrative arrangements to safeguard the interests of the Company and its members. A key element of this policy is that persons engaged in different business activities involving a conflict of interest must carry on those activities independently of one another.

Where necessary, the parties maintain arrangements which restrict the flow of information to certain employees in order to protect Members' interests and to prevent improper access to client information.

In some cases, procedures and controls of the parties may not be sufficient to ensure that a potential conflict of interest does not damage a Company's interests. In these circumstances, the parties may consider it appropriate to disclose the potential conflict to the Directors and obtain their formal consent to proceed. However, the parties will decline to act in any circumstance where there is residual risk of damage to the interests of the Company and its members.

# Fees, charges and expenses

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## Remuneration of the Manager

The Manager will receive a management fee as stated in Appendix IV and which shall be payable monthly in arrears. The management fee may be increased with the agreement of the Company and the Members shall be notified accordingly.

Where the Fund invests in units of any other collective investment scheme or Exchange Traded Fund managed or advised by a member of the HSBC Group, the Manager will charge one set of management fees and initial charges to the Fund, provided that the Manager will not charge a fee higher than the respective management fee disclosed in this Supplement.

Any commission which may be received by the Manager from any source by virtue of an investment in the units of another collective investment scheme or Exchange Traded Fund, shall be paid into the Fund(s) for which such units or other products have been acquired.

## Remuneration of the Service Provider

HBMT as Service Provider will receive the following fees in respect of the operation and maintenance of the Investment Account System.

### *Investment account fees*

The Service Provider will receive an investment account fee as stated in Appendix IV and which shall be payable monthly in arrears. The investment account fee will be charged directly to the particular Fund.

There is currently no fee for nominee services.

### *Dividend Administration Fees*

The Service Provider will receive an administration fee as stated in Appendix IV in respect of the payment of dividends by the

Income Shares. This fee will be charged directly to the Income Shares. The fee is not chargeable if a dividend is not declared by the Fund.

### *Switching Fees*

No separate switching fees are chargeable on an exchange of shares from one Fund to another Fund. However, when a switch emanates from a fund of the Company (including the Fund if applicable) which carries an Initial Fee to another fund of the Company (including the Fund if applicable) which also levies an initial fee, investors will have the Initial Fee on the units switched reduced to 0.50%. Furthermore, when a switch emanates from a fund of the Company (including the Fund if applicable) which does not charge an Initial fee, full Initial Fees (as applicable) shall be payable by Investors on the value of the units switched.

A switching fee of €11.65 shall be payable by Investors on any exchange of shares between the Income Shares and the Accumulator Shares. No Initial Fees (if applicable) would be payable in such case.

### *Initial fees*

There shall be an Initial Fee of 2.5%, or such other rate as the directors may from time to time determine, on the amount tendered in respect of an application to purchase shares in the Fund.

The Initial Fee may, at the Manager's entire discretion, be partially or fully waived from time to time and for such periods of time as the Manager may determine.

The Manager may re-allow or pay all or part of the Initial Fee to Intermediaries, Distributors or such other persons as the Manager may determine in its absolute discretion.

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### **Fees to Intermediaries, Distributors or Introducers**

If investment in the Company was introduced by an HSBC Group or a non-HSBC Group entity the Manager may re-allow or pay a one-time and/or an on-going fee or commission payment (which in exceptional circumstances may include non-monetary benefits) to the Intermediary, Distributor or Introducer as follows:

#### *Initial Fees*

The fee payable to such Intermediary/Distributor/Introducer could be up to 2.5% of the total subscription amount made by the investor.

#### *Trail Commission*

The total trail commission payable to such Intermediary/Distributor/Introducer could be of up to 0.5% of the current value of the units.

### **Administration and Registrar Fees**

The fees and expenses of the Administrator shall be borne by the Company. No charges will be levied for the provision by the Administrator of the services of Registrar to the Fund. Fees payable to the Administrator are stipulated in Appendix IV.

### **Remuneration of the Depositary**

The Depositary will receive, for safe keeping of the assets of the Fund and other services including fiduciary and depositary services, a depositary fee based on the value of the assets of the Fund. The Depositary will receive a custody fee as stated in Appendix IV and which shall be payable quarterly in arrears. The depositary fees may be increased with the agreement of the Company and the Members shall be notified accordingly.

### **Secretarial fees**

An annual retainer fee of EUR2,000 per annum is charged to cover 16 hours of work per annum.

Additional hours are charged on a time spent basis.

### **Remuneration of directors**

The Directors of the Company shall receive such maximum annual aggregate emoluments as may be determined by the Company in general meeting from time to time. It is anticipated that during the current Accounting Period of the Company, the Chairman's remuneration will not exceed €11,000 in aggregate, whereas each of the other Directors are entitled to receive an annual remuneration of €9,000. The maximum aggregate remuneration payable to the Directors during the next financial year shall not exceed €22,000. Directors shall be entitled to reimbursement of expenses as stated in the Articles.

### **Audit and legal fees**

Audit fees shall be approved by the Members in the Annual General Meeting or as otherwise determined by the general meeting. Legal fees shall be agreed between the Manager and the legal advisers and will be negotiated on a time spent basis. Audit and legal fees will be paid out of the property of the Company.

### **Other expenses**

The Manager and the Depositary are entitled to recover such disbursements as contemplated in the Management Agreement, the Depositary Agreement and the Memorandum and Articles of Association, including such reasonable out-of-pocket expenses, incurred in the performance of their duties, out of the assets of the Fund for the benefit of which such expenses have been incurred, or out of the assets of the Company if such expenses were incurred for the benefit of the whole Company.

Save to the extent that such expenses may be waived or otherwise discharged by any

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other person, the Company shall also bear the following expenses incurred in the operation of the Company which shall include inter alia:-

- (i) All duties and charges and expenses which may be incurred in connection with the acquisition and disposal of the assets of the Company;
- (ii) All duties and charges which may be payable on the assets and income of the Company;
- (iii) All brokerage, bank and other charges incurred by the Company in relation to its business transactions (including charges in relation to any borrowing by the Company);
- (iv) All fees and expenses due to the Auditors, the Depository, the Manager, any sub-custodian; the legal advisers to the Company, any stockbroker, valuer, dealer, distributor or other supplier of services to the Company;
- (v) All expenses incurred in connection with the publication and supply of information to the Members and, in particular, without prejudice to the generality of the foregoing, the cost of printing and distributing the Annual Report, any report to the MFSA or any other regulatory authority, the half-yearly or other report, any prospectus or supplement, marketing or promotional material, and the costs of publishing quotations of prices and notices in the press and the costs of obtaining a rating for the shares of the Company by a rating agency and all stationery, printing and postage costs in connection with the preparation and distribution of cheques, warrants, tax certificates and statements;
- (vi) All Preliminary Expenses and other expenses incurred in the registration of the Company with any government agencies or regulatory authorities in any jurisdiction where registration is desirable and in having the shares of the Company listed or dealt in on any Regulated Market;
- (vii) All expenses arising in respect of legal or administrative proceedings; and
- (viii) All expenses incurred in connection with the operation, administration and management of the Company, including, without limitation to the generality of the foregoing, (a) all Directors' fees and costs, all costs incurred in organising Directors' and Members' meetings and in issuing and obtaining proxies in relation to such meetings, costs incurred in keeping the Register and costs of any translations, and (b) all insurance premia on policies which the Manager is obliged to take out in accordance with the Guidelines or is entitled to take out under the Act, as Manager of the Fund, including professional indemnity cover, and any non-recurring and extraordinary items of expenditure and other similar costs.

To the extent that such costs are of benefit to more than one customer of the Manager, the Manager shall only charge the Fund the pro-rated share of the costs on a basis which, in the opinion of the Manager, is fair to all customers.

Such expenses shall be borne by the Company independently of whether they are incurred by itself directly or whether they are incurred by the Manager acting on its behalf. The Company shall also bear the expenses relating to the circulation to the beneficial owners of the shares held by HBMT 'as nominee' through the Investment

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Account System, of any notices and other materials required to be sent to Members in terms of the Act or ISAct.

Subject to what is provided in the Act, all expenses shall be charged either against income or against capital as the Directors shall determine.

### **General**

The Manager and the Company maintain the highest standards to ensure that they always act in the best interests of investors, and any of the payments described above are designed to improve the quality of the service provided to investors. Further details on any aspect of the above or further details on other specific charges applicable to the Fund will be made available to you on request and in accordance with applicable regulations.

### **Preliminary expenses**

The costs incurred in connection with the establishment, licensing and launching of the Fund, including promotion costs and the costs incurred in connection with the preparation and publication of this Supplement and all legal and printing costs, amounted to approximately €69,881.20.

# Taxation

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## General

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation applicable to the purchase, repurchase and disposal of shares in any of the Funds and to any distribution made by the Funds. The following is a summary of the anticipated tax treatment applicable to the Company and to its Members in Malta. This information, which does not constitute legal or tax advice, refers only to Members who do not deal in securities in the course of their normal trading activity.

The information below is based on tax law and practice applicable at the date of this Supplement. Investors are reminded that tax law and practice and the levels of tax relating to the Fund and the Investors may change from time to time.

## The Company

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation applicable to the purchase, repurchase and disposal of shares in any of the Funds and to any distribution made by the Funds. The following is a summary of the anticipated tax treatment applicable to the Company and to its Members in Malta. This information, which does not constitute legal or tax advice, refers only to Members who do not deal in securities in the course of their normal trading activity.

The information below is based on tax law and practice applicable at the date of this Supplement. Investors are reminded that tax law and practice and the levels of tax relating to the Fund and the Investors may change from time to time.

In terms of current legislation, collective investment schemes are classified as either prescribed or non-prescribed funds. In general, a

prescribed fund is defined as a fund resident in Malta, which has declared that the value of its assets situated in Malta amount to at least 85% of the value of the total assets of the fund. Other Maltese resident funds which do not have such an exposure to Maltese assets and all non-resident funds are treated as being non-prescribed.

On the basis of this definition, the Fund is classified as a Non-Prescribed Fund for tax purposes.

The Fund will not derive any income or gains from immovable property situated in Malta.

## The Fund

The Fund is exempt from Maltese income tax on any income and capital gains.

Capital gains, dividends, interest and any other income from foreign securities held by the Fund may be subject to tax imposed by the country of origin concerned and such taxes will not be recoverable by the Fund or by Investors.

## Value Added Tax

Fees chargeable to the Company may be subject to VAT in accordance with applicable law. If any VAT is charged, this will not be recoverable by the Company.

## Investors – Income tax treatment of capital gains

Capital gains realised by Investors who are non-residents of Malta are not subject to tax in Malta.

Capital gains realised by resident Investors on a repurchase of shares by the Fund, the transfer of shares to third parties or an exchange of shares are treated as follows:

Resident Investors may opt to be subject to a 15% final withholding tax which shall be deducted at source by the Fund on any capital gains realised by Investors. Alternatively,



Investors may opt to receive any capital gains without deduction of tax in which case such Investors would be bound to declare such capital gains in their personal income tax return and would be subject to tax at the normal rates of tax which are applicable to them.

In case of transfers to third parties, the transferor is obliged to declare any capital gains in the income tax return and pay tax at the normal rates. Any capital gains on an eventual redemption will be calculated without reference to any intermediate transfer.

Capital gains arising from the exchange of shares in the Fund for shares in any other Fund with the same Company are only taxable when the shares are eventually disposed of. Any gains or losses arising from the exchange of shares will be taken into account in the computation of any taxable capital gains.

#### **Investors – Income tax treatment of dividend distribution**

The tax treatment of dividends distributed by the Fund depends on the income tax status of the particular Investor and on the Fund's income tax account out of which the dividends are distributed, as follows:

- a) Income derived from dividends received by the Fund out of the Maltese Taxed Account or the Foreign Income Account of other Maltese Companies will be allocated to the Maltese Taxed Account of the Fund. The distribution of such profits by the Fund will not attract any further tax in the hands of Investors and they would be entitled, depending on their personal circumstances, to claim a credit for the tax at source withheld at Fund level.
- b) All other income will be allocated to the Untaxed Account of the Fund. Distributions

from the Fund's Untaxed Account to Maltese resident Investors (other than companies), or to non-resident Investors (including nonresident companies) who are owned and controlled by, directly or indirectly, or who act on behalf of, persons who are ordinarily resident and domiciled in Malta, are subject to a 15% withholding tax. Investors are not required to declare such dividends in their income tax returns. However, they are entitled, depending on their personal circumstances, to declare such dividends in their income tax return and claim a credit of the 15% tax withheld. The distribution of profits to other persons not referred to in this paragraph (b) is not subject to withholding tax.

#### **OECD Common Reporting Standard**

A number of OECD jurisdictions including Malta have entered into multilateral agreements to automatically exchange information for tax purposes using a commonly agreed reporting standard (based on the OECD Common Reporting Standard or "CRS"). The Company is expected to collect and report data about its investors under the CRS as from 1 January 2016. This means, for example, that data about investors in the Company who are resident (for tax purposes) in a country other than Malta will be automatically communicated to the Malta tax authorities who will exchange this data with tax authorities in the investors' country of residence.

# Accountants' report at the time the Company was formed

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The following is the text of a report received by the Directors and the Sponsoring Stockbroker from Deloitte & Touche, the Auditors of the Company.

## The Directors

Tri-Med Malta Accumulator Fund SICAV p.l.c.  
Level 5, Suite 7, The Plaza Commercial Centre  
Bisazza Street,  
Sliema SLM 15,  
Malta

Karol Farrugia  
Rizzo, Farrugia & Co. (Stockbrokers) Ltd.  
3rd Floor, Airways House,  
High Street  
Sliema SLM 15,  
Malta

Date: 30 January, 1997

Dear Sirs,

Tri-Med Malta Accumulator Fund SICAV p.l.c., a Maltese company with variable share capital, was registered on the 24 January, 1997. Since the date of incorporation the Company has not engaged in any business, prepared any audited financial statements or declared or paid any dividends.

Yours faithfully,

Deloitte & Touche  
Certified Public Accountants and Auditors  
Sliema, Malta.

Note: The Accountants' report has been superseded by the interim and annual accounts of the Company which are issued regularly in terms of applicable licence conditions. Any person receiving or reviewing this Supplement should ensure it is accompanied by the latest interim or annual accounts.

With effect from 15 March 2002, the name of the Company has been changed to HSBC Malta Funds SICAV p.l.c.

With effect from 26 September 2014, the auditors of the Company are PricewaterhouseCoopers of 78, Mill Street, Qormi, QRM 3101, Malta.

With effect from 25 April 2005, the registered address of the Company has been changed to Hexagon House, Spencer Gardens, Blata l-Bajda HMR 12.

With effect from 1 October 2007, the registered address of the Company has been changed to 233, Republic Street, Valletta VLT 1116.

With effect from 23 April 2010, the registered address of the Company has been changed to Operations Centre, 80, Mill Street, Qormi QRM 3101.

With effect from 1 December 2012, the registered address of the Company has been changed to 171, Old Bakery Street, Valletta VLT 1455.

# General information

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## Share capital

The authorised share capital of the Company is 100,000,000 shares which are not assigned any nominal value.

The paid up share capital of the Company shall at all times be equal to the Net Asset Value of the Company as determined in accordance with the Articles.

The Directors shall exercise all the powers of the Company to allot or issue shares in the Company. The maximum number of shares which may be allotted or issued by the Directors shall not exceed the amount of 100,000,000 shares, provided, however, that any shares which have been repurchased shall be deemed never to have been issued for the purpose of calculation of the maximum number of shares which may be issued.

In respect of the registered Member (i.e. HSBC Bank Malta p.l.c. as nominee) the Directors have delegated to the Administrator, the duties of accepting the subscription for, receiving payment for and allotting or issuing new shares and attending to all requests for the repurchase of shares by the Company and the subsequent cancellation thereof.

In respect of all Investors using the Investment Account System, the duties related to the allotment and issuance of new shares as well as attending to all request for the repurchase of shares in the Funds, are undertaken by HBMT.

Except as provided in the Articles, no person shall be recognised by the Company as holding any shares on trust and the Company shall not be bound by or recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any shares or (except only as otherwise provided herein or as by law may

be required) any other right in respect of any share, except an absolute right of title thereto in the registered holder. The beneficial ownership of Account Holders in shares held by HBMT is acknowledged by the Company.

The Directors shall not be bound to register more than four persons as joint holders of any share or shares and only the name and address of the first named holder need be entered in the Register. Notices sent to such person's address shall be deemed sufficient delivery to all.

## Best Execution Policy

The Company is required to establish and implement effective arrangements for complying with the Best Execution requirements arising in terms of the AIFMD .

In complying with the AIFMD, the Board of Directors of the Fund have considered and approved the Best Execution Policy to be adopted by the Manager in respect of trades done on behalf of the Fund, thereby ensuring that the Manager will take all reasonable steps to achieve the best possible execution result on a consistent basis.

The Manager shall review the Best Execution Policy annually or whenever a material change occurs that affect the Manager's ability to continue to obtain the best possible result to Investors.

A copy of this Best Execution Policy may be provided to investors upon request.

## Distribution Policy

It is intended that the Company will distribute interim dividends in respect of Income Shares in such amounts as may be determined by the Directors in accordance with this Supplement. Any final dividends will be declared by

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the Company's General Meeting following recommendations by the Directors.

The Directors may declare and distribute interim dividends in such amounts as appear to the Directors to be appropriate. It is intended that most or all of the net income in respect of the Income Shares will normally be distributed as interim dividends. It is expected that interim dividends, if any, will be declared on a semiannual basis in respect of interim accounting periods ending respectively on the 31 March and 30 September of each year. The declaration of any such interim dividends will be made within two weeks from the end of the relevant interim accounting period, and the interim dividends (if any) so declared will be paid by not later than two months from the end of the relevant interim accounting period.

Payment of a dividend will be made to the Investor or, in the case of joint holders to the joint holders unless HBMT is requested otherwise, in which case the holders shall bear the extra costs. Payments in the Base Currency of the Fund shall be made through the direct crediting of the Investor's bank account in Malta as indicated to HBMT.

If the relative direct credit is rejected for any reason outside HBMT's control, HBMT shall (i) re-invest in the Investors' Investment Account the proceeds of the direct credit, less any bank charges if applicable, on the next dealing day but one following the date that notice of the rejection was received AND (ii) be deemed to have been given notice from the Investor that any future dividends will be automatically re-invested, and the resulting units added to the Investor's holding in accordance with the Supplement AND (iii) send a statement to the investor reflecting the re-investment of the afore-said dividend proceeds.

None the less, the Investor may, at any time, inform HBMT of alternative arrangements for the direct credit of subsequent dividends.

Payments shall be effected in the Base Currency of the Fund, unless a different arrangement has been agreed to by HBMT.

The Directors reserve the right to stipulate a threshold below which dividend payments will be automatically re-invested.

The Company, the Manager and HBMT shall not be responsible for any loss or delay in transmission. Where a payment of a dividend is exceptionally made by cheque (namely following any acceptance by HBMT at its entire discretion of a request by an Investor), a cheque which is duly endorsed shall be a good discharge to the Company, the Manager and/or HBMT.

Only those Investors holding Income Shares and who are listed on the Company's register of members as on the last day of the relevant interim accounting period (or on the last Business Day of such period if the said date does not fall on a Business Day) shall be entitled to receive the respective dividend payments for the relevant period.

The Fund will pay HBMT a fee to cover the operation of distribution of dividends – please refer to Appendix IV.

All payments are subject to any pledge of Shares duly constituted and notified to the Company as well as to any applicable fiscal laws and regulations – your attention is drawn to the section headed 'Taxation' of this Supplement.

Investors holding Income Shares may also elect to have their dividends (less any withholding tax deductible upon payment thereof) reinvested in further shares of that class of shares in the

Fund. If an Investor wishes to opt for such reinvestment, he shall provide HBMT with written instructions at least seven working days prior to the end of the relevant interim accounting period. Reinvestment of dividends shall be effected on the same day on which the relevant dividend will be payable to the Investor (if this happens to be a Dealing Day) or the next available Dealing Day, and shall be effected at the NAV per share applicable on such Dealing Day. It is not intended for the time being that Initial Fees would be payable in respect of such reinvestment.

Investors entitled to receive dividend payments will, on or after the payment date, be sent a Dividend Certificate which shall include details in respect of the income distributed including, if required by any applicable legislation, a statement of how much of the amount to which they are entitled represents any tax deducted in respect of that income.

*(a) Allocation of Income*

Pursuant to the Company's Memorandum and Articles of Association, the income available for allocation in respect of the Shares shall be a sum equal to the aggregate of the income received or receivable by the Company in respect of those shares during the Accounting Period, calculated by taking into account the following additions and/or deductions :-

- (i) addition or deduction of a sum by way of adjustment to allow for the effect of sales or purchases of Investments, cum or ex dividend;
- (ii) addition of a sum representing any interest or dividend or other income accrued but not received by the Company at the end of the Accounting Period and deduction of a sum representing (to the extent that an adjustment by way of addition has been made in respect of any previous Accounting Period) interest or dividends or other income accrued at the end of the previous Accounting Period;
- (iii) addition of an amount (if any) available for allocation in respect of the last preceding Accounting Period but not allocated in respect thereof;
- (iv) addition of a sum representing the estimated or actual repayment of tax resulting from any claims in respect of income tax relief or double taxation relief or other relief available or otherwise;
- (v) deduction of the amount of any tax or other estimated or actual liability properly payable out of the income of the Company;
- (vi) deduction of sums representing participation in income paid upon the repurchase of shares during the Accounting Period;
- (vii) deduction of such sum as the Directors may think appropriate in respect of any of the expenses provided in these Articles; PROVIDED ALWAYS that the Company shall not be responsible for any error in any estimates of income tax repayments or double taxation or other relief expected by way of taxation or of income receivable, and if the same shall not prove in all respects correct, the Directors shall ensure that any consequent deficiency or surplus be adjusted in the Accounting Period in which a further or final statement is made or such estimated income receivable is determined, and no adjustment shall be made to any dividend previously declared or to any Member to whom shares had

been issued or from whom shares had been repurchased previously; and

(viii) deduction of any amounts declared as a distribution but not yet distributed.

*(b) Income Allocation Dates*

Any income which stands to be allocated to the income account in respect of an interim accounting period of any class of Income Shares shall be so allocated by not later than two months after the end of each interim accounting period as specified in this Supplement for the purposes of dividend distributions, and in respect of an annual accounting period, the allocation shall be made by not later than two months after the end of the annual accounting period.

*(c) Equalisation Account*

The purchase price of any Shares in the Fund generally contains an element representing the accrued income earned by the shares since the start of the current dividend period.

This means that Investors buying Shares buy a percentage of net income, and the corresponding portion of the purchase price (the equalisation payment) will be notionally credited by the Fund to an equalisation account.

The equalisation account will be maintained in order to ensure that equal amounts are distributed in respect of each share of the relevant income distributing class notwithstanding different dates of issue.

When an equalisation payment has been effected, any subsequent dividends in relation to the Income Shares shall include an amount corresponding to the afore-said equalisation payments and paid out of the equalisation account. However, the said amount shall not be included as part of the dividend in the event that the Directors exercise their discretion (in

terms of the last paragraph under this heading 'Equalisation Account') not to consider equalisation when determining distributions.

The repurchase price of the Share will also include an equalisation payment in respect of the net income of the Fund up to the date of repurchase, and upon the repurchase of any shares based on that repurchase price a sum equal to that part of the repurchase price of a share which reflects net income (if any) accrued up to its date of repurchase will be deemed to be an equalisation charge and debited by the Directors to the equalisation account.

In the absence of significant fluctuations between the repurchase and issue of shares, the Directors may choose not to consider equalisation when determining distributions to Investors holding Income Shares nor to pay to such Investors any excess of equalisation credits over debits. Any fluctuations between repurchases and issue of shares that could have an effect of one per cent (1%) or more on the Net Asset Value per share shall be considered significant.

**Liquidation**

The Company and the Fund have been established for an indefinite period and unless closed or liquidated will exist in perpetuity.

**Of the Fund**

The Fund may be wound up and dissolved either voluntarily or under supervision or by the Court. Upon the winding up or dissolution (whether the liquidation is voluntary, or under supervision or by the Court) of any Sub-Fund, the assets of the Fund available for distribution (after satisfaction of creditors' claims) shall be distributed to the Shareholders of the Fund pro rata to their respective shareholding.

If the Fund shall be wound up or dissolved

(whether the liquidation is voluntary, or under supervision or by the Court) the liquidator may, with the authority of an Extraordinary Resolution of the shareholders of the Fund, divide among such Members in accordance with the Articles of the Company, in specie the whole or any part of the assets of the Fund, and whether or not the assets shall consist of property of a single kind and may for such purposes value any class or classes of property in accordance with the valuation provisions in the Articles and this Supplement. The liquidation of the Fund may be completed and the Fund dissolved, but not so that any shareholder thereof shall be compelled to accept any asset in respect of which there is a liability.

#### Of the Company

The Company may be wound up or dissolved (whether the liquidation is voluntary, or under supervision or by the Court) following, or simultaneously with, the closure or winding up and dissolution of all the Funds of the Company. Upon the winding up or dissolution (whether the liquidation is voluntary, or under supervision or by the Court) of the Company, the assets of the Company available for distribution (after satisfaction of creditors' claims) shall be distributed amongst members pro rata to the number of Shares held by them.

Any proceedings in relation to the Company shall respect the legal status of each Sub-Fund as a patrimony separate from the assets and liabilities of each other Sub-Fund and proceedings under the Act shall apply mutatis mutandis to each Sub-Fund as though it were a distinct legal entity and with such modifications as are necessary to accommodate the fact that a Sub-Fund is not a company. Any proceedings in relation to any one Sub-Fund shall not have any effect on the assets

of any other Sub-Fund or of the Company itself. The term 'proceedings' as used herein refers to any proceedings in terms of Title II of Part V and of Part VI of the Act (as may be amended from time to time).

#### External Transactions Act

When acquiring shares in the Fund, Investors should comply with the External Transactions Act (Chapter 233 of the Laws of Malta) and with any rules and regulations issued thereunder.

#### General

- (i) The Company has not since its registration been engaged in, or is currently engaged in, any legal arbitration proceedings and no legal or arbitration proceedings are known to the Directors to be pending or threatened by or against the Company.
- (ii) Deloitte & Touche have given and not withdrawn their written consent to the issue of the Prospectus, with the inclusion of the Accountants' Report set out herein dated 30 January 1997, issued at the time the Company was formed, and to the reference to their name in the form and context in which it is included.
- (iii) The Company does not have, nor has it had since registration, any employees.

#### Documents for Inspection

The following documents shall be available for inspection at the offices of the Company Secretary (see page 71) during normal business hours:-

- (a) Memorandum and Articles of Association of the Company;
- (b) The report and consent letter of Deloitte & Touche referred to above;

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- (c) A copy of the Depositary Agreement and any relevant Addendum;
  - (d) A copy of the Management Agreement and any relevant Addendum;
  - (e) A copy of the Administration Agreement;
  - (f) A copy of the Service Provider Agreement;
  - (g) A copy of the Prospectus and of this Supplement and any up-dates thereof;
  - (g) Copies of the most recently published Annual and Interim Financial Statements of the Company.



## Appendix I

# Determination of net asset value

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Extract from the Company's Articles :

Article 11 :

- 11.0 The Company on each Dealing Day shall determine the Net Asset Value of shares in the Company, which shall be the value of the assets less the liabilities attributable to each class of shares divided by the number of shares in issue in such class. The Net Asset Value shall be expressed in the Base Currency (or in such other currency as the Directors shall determine) as a per share figure for each share in issue (rounding down to the nearest second decimal figure of the relevant Base Currency) and shall be determined for each Dealing Day in accordance with Article 12 hereof.
- 11.1 The Company at any time may, but shall not be obliged to, temporarily suspend the determination of the Net Asset Value of the shares and the sale of such shares, and the repurchase of all or part of such shares for which repurchase requests have been received, in the following instances:
- (i) during any period (other than holiday or customary weekend closings) when any market is closed which is the main market for a significant part of the Investments comprised in the Fund to which such class of shares relates, or in which trading thereon is restricted or suspended; or
  - (ii) during any period when an emergency exists as a result of which disposal by the Company of investment which constitute a substantial portion of the assets of the Fund to which such class of shares relates is not practically feasible; or
  - (iii) during any period when for any reason the market value of Investments of the Fund to which such class of shares relates cannot be reasonably, promptly or accurately ascertained by the Company; or
  - (iv) during any period when remittance of monies which will, or may, be involved in the realisation of, or in the payment for Investments, comprised in the Fund to which such class of shares relates cannot be carried out at normal rates of exchange; or
  - (v) during any period when the proceeds of sale or repurchase of such shares in the Company cannot be transmitted to or from the Company's account; or
  - (vi) during any period when in the opinion of the Directors the realisation of assets of the Fund to which such class of shares relates could, if realised at that particular moment in time, adversely affect and prejudice the Members' interest in the Company.
- 11.2 The Company may elect to treat the first Dealing Day on which the conditions giving rise to the suspension have ceased, as a substitute Dealing Day, in which case the Net Asset Value calculations and all sales and repurchases of shares shall be effected on the substitute Dealing Day.
- 11.3 Any such suspension shall be appropriately published by the Company in a local newspaper approved by the Custodian\* and MFSA. The Company shall furthermore notify such suspension to all persons who in the opinion of the Company are likely to be affected thereby in such manner as it may deem appropriate. Any such suspension shall be notified immediately to the MFSA and the Malta Stock Exchange, if applicable.
- 11.4 The dealing in shares shall also be suspended upon the order of the MFSA or the Malta Stock Exchange in terms of the Regulations.
- \* Following the implementation of the AIFMD, references to the "Custodian" are being replaced with "Depositary".*

## Appendix II

# Valuation of assets

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Extract from the Company's Articles :

Article 12 :

12.0 The Net Asset Value shall be the value of all the assets less all the liabilities of the Company.

12.1 The value of the assets comprised in a Fund shall be ascertained on the following basis:-

(A) the value of any Investment quoted, listed or normally dealt in, on or under the rules of a Regulated Market shall be calculated in the following manner:

(i) by reference to the price appearing to the Directors to be the latest available dealing price or (if bid and offered quotations are made) the latest available middle quotation on such Regulated Market; and

(ii) if an Investment is quoted, listed or normally dealt in, on or under the rules of more than one Regulated Market, the Directors may adopt the price or, as the case may be, the middle quotation on the Regulated Market which, in their opinion, provides the principal market for such Investment; and

(iii) in the case of any Investment which is quoted, listed or normally dealt in, on or under the rules of a Regulated Market but in respect of which, for any reason:

(a) prices on that Regulated Market may not be available at any relevant time, or

(b) the value thereof based on the said prices or quotations as described in paragraphs (i) and (ii) above does not establish, in the opinion of the Directors, the fair value of any investment, the value thereof shall be

determined by such professional person as may be appointed by the Directors for such purpose or generally in relation to some or all the Investments of the Company and for such time as may be determined by the Directors.

(iv) the Directors shall not be under any liability by reason of the fact that a value reasonably believed by them to be the latest available price or, as the case may be, middle quotation for the time being may be found not to be such; and

(v) there shall be taken into account interest accrued on interest-bearing Investments up to the date at which the valuation is made unless such interest is included in the price or quotation referred to above;

(B) the value of any Investment which is not quoted, listed or normally dealt in on or under the rules of a Regulated Market shall be the initial value thereof ascertained as hereinafter provided or the value thereof as assessed on the latest valuation thereof made in accordance with the provisions hereinafter contained. For this purpose:-

(i) the initial value of such an Investment shall be the amount expended by the Fund in the acquisition thereof (including in each case the amount of the stamp duties, commissions and other expenses incurred in the acquisition thereof and the vesting thereof in the Company); or

(ii) the Directors may at any time cause a valuation to be made of any such Investment at a fair market value, by such professional person as may be appointed for such purpose by the Directors;

(C) the value of each unit or share in any collective investment scheme which

- 
- provides for the units or shares therein to be realised at any time at Net Asset Value shall be the last published net asset value per unit or share;
- (D) cash, deposits and similar property shall be valued at their face value (together with accrued interest);
- (E) property other than Investments shall be valued in such manner and at such time or times as the Directors shall from time to time determine;
- (F) notwithstanding any of the foregoing sub-paragraphs, the Directors may, after consultation with the Depositary\*, adjust the value of any Investment or other property or permit some other method of valuation to be used if they consider that in the circumstances (including without limitation a material volume of subscriptions or requests for repurchase of shares in the Company; or the marketability of the Investments or other property; or such other circumstances as the Directors deem appropriate) such adjustment or other method of valuation should be adopted to reflect more fairly the value of such Investment or other property;
- (G) every share allotted by the Company shall be deemed to be in issue and the capital of the Company shall be deemed to include the net amount of any cash or other property to be received in respect of each such share;
- (H) where, in consequence of any notice or repurchase request duly given, a reduction of the capital of the Company by the cancellation of shares has been or is to be effected but payment in respect of such reduction has not been completed, the shares in question shall be deemed not to be in issue and any amount payable in cash or Investments out of the capital of the Company in pursuance of such reduction shall be deducted;
- (I) where any Investment or other property has been agreed to be acquired or realised but such acquisition or disposal has not been completed, such Investment or other property shall be included or excluded, as the case may be, and the gross acquisition or net disposal consideration included or excluded as the Directors shall from time to time determine;
- (J) there shall be included in the assets an amount equal to all such costs, charges, fees and expenses as the Directors may have determined to amortise, less the amount thereof which has previously been or is then to be written off;
- (K) where an amount in one currency is required to be converted into another currency, the Directors may effect such conversion using the latest available rates of exchange as the Directors shall determine at the relevant time except where otherwise specifically provided therein;
- (L) there shall be deducted from the assets such sum in respect of tax (if any) as in the estimate of the Directors will become payable in respect of the current Accounting Period;
- (M) where the current price of an Investment is quoted ex dividend or interest, there shall be added to the assets a sum representing the amount of such dividend or interest

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- receivable by the Fund but not yet received;
- (N) there shall be added to the assets the amount (if any) available for allocation in respect of the last preceding Accounting Period but in respect of which no allocation has been made;
- (O) there shall be deducted from the assets the total amount (whether actual or estimated by the Directors) of any other liabilities properly payable including outstanding borrowings and accrued interest on borrowings (if any) but excluding liabilities taken into account in terms of sub-paragraph (I) above.
- 12.2 Notwithstanding the foregoing, when the above system of valuation would not reflect the current value of the assets accurately, the Directors shall be entitled, after consultation with the Custodian\*, to value the shares using the amortised cost method of valuation, whereby the Investments of the Company are valued at their cost of acquisition, adjusted for amortisation of premium or accretion of discount on the Investments, rather than at the current market value of the Investments.
- 12.3 Without prejudice to their general powers to delegate their functions herein contained, the Directors may delegate any of their functions in relation to the calculation of Net Asset Value to the Manager or the Custodian\*, to a committee of the Directors or to any other duly authorised person. In the absence of wilful misconduct or manifest error, every decision taken by the Directors
- or any committee of the Directors or by the Manager, Custodian\* or any duly authorised person on behalf of the Company in calculating the Net Asset Value shall be final and binding on the Company and on present, past or future Members.
- 12.4 The Company, the Manager or the Custodian\* shall not be responsible for any error in calculating the value of assets if the Company, the Manager or the Custodian\* has acted in good faith when making such calculations, and no adjustments shall be made to the values of any assets unless the valuation error exceeds 0.5% (half a percentage point) of the Net Asset Value in which case it shall be adjusted. The MFSA shall be notified of such event together with information on such remedial action which the Company, the Manager and the Custodian\* propose to take to ensure that such error does not occur again.
- \* Following the implementation of the AIFMD, references to the "Custodian" are being replaced with "Depositary".*

## Appendix III

# Allocation of assets and liabilities

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Extract from the Company's Articles:

Article 10A

10A Allocation of assets and liabilities.

10A.0 The assets and liabilities of each Fund shall be treated for all intents and purposes of law as a patrimony separate from the assets and liabilities of each other Fund.

10A.1 The liabilities incurred in respect of each Fund shall be paid out of the assets forming part of the patrimony of such Fund. In the event that the liabilities of a particular Sub-Fund exceed its assets, then the proportion of liabilities in excess of the assets shall not be allocated to the other Funds and the creditors of that Fund whose liabilities exceed its assets shall have no claim or right of action against the assets of the other Funds.

10A.2 Without prejudice to what is provided in sub-articles 10A.0 and 10A.1 above, the assets and liabilities of each Fund shall be allocated in the following manner:-

- (i) the proceeds from the issue of shares representing a Fund shall be applied in the books of the Company to that Fund, and the assets and liabilities and income and expenditure attributable thereto shall be applied to such Fund subject to the provisions of this Article;
- (ii) where any asset is derived from another asset, such derived asset shall be applied in the books of the Company to the same Fund as the assets from which it was derived and in each valuation of an asset, the increase or diminution in value shall be applied to the relevant Fund;

(iii) where the Company incurs a liability which relates to a particular Fund or Funds or to any action taken in connection with a particular Fund or Funds, such a liability shall be allocated to the relevant Fund or Funds in accordance with the interest of each Fund or Funds; provided that all liabilities of the Company irrespective of the Fund to which they are attributable shall be binding upon the Company as a whole;

(iv) where an asset or liability of the Company is commonly owned or jointly incurred for the benefit of more than one Fund, such asset or liability, shall be allocated to all such Funds pro rata to the Net Asset Value of each Fund at the time the attribution is made or at such other time as the directors may determine;

10A.3 Without prejudice to what is provided in sub-articles 10A.0 and 10A.1 above, when issuing a class of shares in regard to any Fund, the Directors may, with the consent of the Custodian\*, allocate Commission, Duties and Charges, and ongoing expenses on a basis which is different from that which applies in the case of shares in other classes in the Fund.

10A.4 Without prejudice to what is provided in sub-articles 10A.0 and 10A.1 above, if the Directors determine that, notwithstanding the foregoing, the assets or liabilities in respect of any Fund shall be attributed to one class of shares on a basis different to that of another class of shares as may be set out in the Company's Prospectus from time to time, the number of undivided parts in the net

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assets of the Fund to which each such share shall be entitled shall be adjusted in such manner as the Directors shall, with the consent of the Custodian\* and the MFSA, determine so as to give effect to the different basis of attribution; provided that in so doing the Directors shall not damage or reduce the participatory rights of existing classes of shares in the Fund or the Company as a whole.

*\* Following the implementation of the AIFMD, references to the “Custodian” are being replaced with “Depositary”.*

## Appendix IV

# Schedule of fees

Management Fees	The Management Fee applicable shall be 0.875% of Net Assets.
<b>Administration Fees</b>	<p>The Administration Fee applicable shall be between 0.10% to 0.12% of Net Assets* depending on the amount of Net Assets.</p> <p>The Administration Fee is computed as follows:</p> <ul style="list-style-type: none"> <li>– Net Assets up to €250 million – 0.12% p.a.</li> <li>– In Excess of €250 million – 0.10% p.a.</li> </ul> <p>The above is subject to a minimum fee of €2,000 per month excluding out-of-pocket expenses.</p> <p>The Administration Fee is applied pro-rata to each Sub-Fund in relation to the relative Net Asset Value.</p> <p><i>* Net Assets refer to the aggregate Net Asset Value of all the Funds managed by HSBC Global Asset Management (Malta) Limited and which are party to an agreement with Deutsche International Corporate Services (Ireland) Limited as their Administrator.</i></p>
<b>Other Applicable Fees</b>	<p>The Funds shall pay KPMG Malta the following fees relating to the preparation of financial statements (annual and interim):</p> <ul style="list-style-type: none"> <li>• First SICAV Sub-Fund – maximum total amount EUR5,000</li> <li>• Per Sub-Fund thereafter – maximum total amount EUR3,500</li> </ul> <p>The Funds are subject to other out-of-pocket expenses relating to:</p> <ul style="list-style-type: none"> <li>– Cost of banking charges;</li> <li>– Postage and printing costs;</li> <li>– communication services fees; and</li> <li>– other expenses involved in the course of KPMG Malta’s duties.</li> </ul> <p>For further details of these fees, investors may request a copy of the full Fee Schedule which provides a detailed description of all fees charged by the Administrator.</p>

## DEPOSITARY &amp; CUSTODY FEES

<b>Depositary Services Fees (charged per sub-Fund by Sparkasse Bank Malta p.l.c. as depositary)</b>	The fees applicable for depositary services is of 0.035% p.a. of Total Net Assets depending on the amount of Total Net Assets.	
<b>Custody Fees (charged by HSBC London as sub-custodian of the depositary)</b>	Maltese Market	0.04% per annum
	Foreign Markets	Ranging from 0.0015% to 0.04% depending on the relevant Foreign Market
<b>Other Applicable Custody Fees (charged by HSBC London as sub-custodian of the depositary)</b>	<p>The Funds are subject to other out-of-pocket and third party expenses relating to:</p> <ul style="list-style-type: none"> <li>– transaction fees (ranging from €4.00 to €40 per transaction);</li> <li>– coupons, dividends and corporate actions;</li> <li>– other value-added services;</li> <li>– disbursement fees; and</li> <li>– communication services fees.</li> </ul>	

## OTHER FEES

<b>Dividend Administration Fee in respect of the payment of dividends by income</b>	€4.66 per Investor eligible to receive the dividend on every dividend distribution. This fee shall be charged directly to that part of the relevant Fund's income attributable to the class of shares in respect of which the dividend has been paid. The fee is not chargeable if a dividend is not declared by the Fund.
<b>Fee for Exchange of Shares within the same Fund</b>	€11.65 per Investor on any exchange of shares between an accumulating and income distributing class within the same Fund.
<b>Investment Account Fees</b>	0.125% per annum on the Net Asset Value
<b>INITIAL FEE</b>	2.5% on the amount tendered in respect of an application to purchase shares



## Appendix V

# Experienced investor declaration form

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I/we, the undersigned, declare that I/we have read and understood the Supplement, and I/we meet the eligibility criteria indicated in the definition of 'Experienced Investor' as set down in the Supplement.

I/we also declare that I/we am/are aware that :

- The HSBC Property Investment Fund (the 'Fund') is a segregated sub-fund of HSBC Malta Funds SICAV p.l.c. which is a collective investment scheme organised as a limited liability investment company with variable share capital under the laws of the Republic of Malta and licensed by the Malta Financial Services Authority (the 'MFSA') under the Investment Services Act, 1994;
- The Fund is licensed by the Malta Financial Services Authority (the 'MFSA') under the Investment Services Act, 1994 as an Alternative Investment Fund which may be promoted and made available to Experienced Investors as described in the Supplement; and
- The Fund is not a retail scheme and the protection normally arising as a result of the imposition of the MFSA's investment and borrowing restrictions and other requirements for retail schemes do not apply. Hence, the degree of risk to which it may be exposed makes it unsuitable for members of the general public; and
- As Alternative Investment Funds are not regulated to the same degree as other collective investment schemes, shares therein may only be allotted, issued to, transferred to or be beneficially held by Experienced Investors as defined in the Supplement and who are obliged to satisfy one or more of the criteria listed hereunder.

### **Section I: This section should be completed by the Experienced Investor or his/her duly authorised agent**

*[tick as appropriate]*

**Name of Investor(s) / duly authorised agent:** *[insert name of the Investor(s)/duly authorised agent]*

The investment is being made directly by the investor/s *(not through a duly authorised agent)*

- I/We hereby confirm that I/we am/are eligible to be treated as an 'Experienced Investor', since I/we satisfy the definition thereof in light of the positive response(s) that I/we have given to the question(s) below or the reasons supplied. I certify that I/we have read and understood the Offering Document including the mandatory risk warning.

*Where applicable:*

- I/We hereby confirm that I/we have been warned by the Distributor/Intermediary selling Units of the Fund that I/we do not possess the necessary experience and knowledge in order to understand the risks involved in investing in the Fund.

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***The investment is not being made directly by the investor but through a duly authorised agent***

I/We hereby confirm that I have been properly appointed as a duly authorised agent of a prospective investor/s in the Fund described above. I/we certify that my principal/s is/are eligible to be treated as an 'Experienced Investor' since my principal/s satisfies the definition thereof in light of the positive response(s) that I have given to the question(s) below in respect of my principal/s or appropriate reasons provided. I certify that my/our principal/s has read and understood the Offering Document including the mandatory risk warnings.

Where applicable:

I/We hereby confirm that I/we have been warned by the Distributor/Intermediary selling Units of the Fund that my principal/s does not possess the necessary experience and knowledge in order to understand the risks involved in investing in the Scheme and that I have informed my principal/s accordingly.

I/We qualify my Principal/s qualify(ies) *[delete as applicable]* as an 'Experienced Investor', as I/we possess the necessary expertise, experience and knowledge to be in a position to make my own/his/her own investment decisions and understand the risks involved as:

a. I/We am/are:	YES	NO
i. a person who has relevant work experience having at least worked in the financial sector for one year in a professional position or a person who has been active in these type of investments; or	<input type="checkbox"/>	<input type="checkbox"/>
ii. a person who has reasonable experience in the acquisition and/or disposal of funds of a similar nature or risk profile, or property of the same kind as the property, or a substantial part of the property, to which the Scheme/Sub-Fund in question relates; or	<input type="checkbox"/>	<input type="checkbox"/>
iii. a person who has made investments amounting to €100,000 within the past two years at an average frequency of three per quarter;	<input type="checkbox"/>	<input type="checkbox"/>

OR

b. *[Please provide justification below]*

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Name of investor/duly authorised Agent \_\_\_\_\_

Signature \_\_\_\_\_

Title/Capacity in which signed \_\_\_\_\_

**Section II: This section should be completed by the Manager/Sales Agent/third party selling Units of the Fund**

*[tick as appropriate]*

I hereby confirm that:

I have satisfied myself that the investor/s has/have the necessary experience and knowledge in order to understand the risks involved;

OR

I have **not** satisfied myself that the investor/s has/have the necessary experience and knowledge in order to understand the risks involved and that I have warned the investor/s duly authorised agent accordingly.

Name \_\_\_\_\_

Signature \_\_\_\_\_

Name of Distributor/Intermediary \_\_\_\_\_

**Date** \_\_\_\_\_

*Signing Instructions: All joint applicants must sign*

In the case of joint holders, all holders should individually satisfy the definition of 'Experienced Investor'. In the case of joint holders, the minimum investment limit remains EUR10,000 or equivalent in another currency.

***Note: This Experienced Investor Declaration Form is current as at the date of this Supplement. Prospective investors should check with the Manager and/or the relevant intermediary that this form is the most current version.***

## Appendix VI

# U.S. Foreign Account Tax Compliance Act

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Sections 1471 through 1474 of the U.S. Internal Revenue Code ('FATCA') impose a 30% withholding tax on certain payments to a foreign financial institution ('FFI') if that FFI is not compliant with FATCA. The Company and the Funds are a FFI and thus, subject to FATCA.

Beginning 1 July 2014, this withholding tax applies to payments to the Funds that constitute interest, dividends and other types of income from U.S. sources (such as dividends paid by a U.S. corporation) and beginning on 1 January 2017, this withholding tax is extended to the proceeds received from the sale or disposition of assets that give rise to U.S. source dividend or interest payments.

These FATCA withholding taxes may be imposed on payments to the Funds unless (i) the Funds becomes FATCA compliant pursuant to the provisions of FATCA and the relevant regulations, notices and announcements issued thereunder, or (ii) the Funds are subject to an appropriate Intergovernmental Agreement to improve international tax compliance and to implement FATCA ('IGA'). The Funds intend to comply with FATCA in good time to ensure that none of their income is subject to FATCA withholding.

Malta has signed an IGA with the U.S. and the Funds intend to take any measures that may be required to ensure compliance under the terms of the IGA and local implementing regulations.

In order to comply with their FATCA obligations, the Funds will be required to obtain certain information from their investors so as to ascertain their U.S. tax status. If the investor is a specified U.S. person, U.S. owned non-U.S. entity, non-participating FFI ('NPFPI') or does not provide the requisite documentation, the

Funds may need to report information on these investors to the appropriate tax authority, as far as legally permitted.

If an investor or an intermediary through which it holds its interest in the Funds either fails to provide the Funds, its agents or authorised representatives with any correct, complete and accurate information that may be required for the Funds to comply with FATCA or is a NPFPI, the investor may be subject to withholding on amounts otherwise distributable to the investor, may be compelled to sell its interest in the Funds or, in certain situations, the investor's interest in the Funds may be sold involuntarily. The Funds may at their discretion enter into any supplemental agreement without the consent of investors to provide for any measures that the Funds deem appropriate or necessary to comply with FATCA.

Other countries are in the process of adopting tax legislation concerning the reporting of information. The Funds also intend to comply with such other similar tax legislation that may apply to the Funds, although the exact parameters of such requirements are not yet fully known. As a result, the Funds may need to seek information about the tax status of investors under such other country's laws and each investor for disclosure to the relevant governmental authority.

Investors should consult their own tax advisors regarding the FATCA requirements with respect to their own situation. In particular, investors who hold their units through intermediaries should confirm the FATCA compliance status of those intermediaries to ensure that they do not suffer FATCA withholding tax on their investment returns.

## Appendix VII

# Restrictions on Offers and Sales

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### RESTRICTIONS ON OFFERS AND SALES TO U.S. PERSONS

Units of the Funds may not be offered or sold to any 'U.S. Person' (a 'USP'). For the purpose of this restriction, the term USP shall mean the following:

1. An individual who is deemed a resident of the U.S. under any U.S. law or regulation
2. An entity:
  - i. that is a corporation, partnership, limited liability company or other business entity:
    - a. that was created or organized under U.S. federal or state law including any non-U.S. agency or branch of such entity; or
    - b. where regardless of place of formation or organization, was organized principally for passive investment (such as an investment company or fund or similar entity other than an employee benefit plan or employee pension scheme for the employees, officers, or principals of a non-U.S. entity having its principal place of business outside the United States);
      - and owned directly or indirectly by one or more USPs, with respect to which such USPs (unless defined as a Qualified Eligible Person under CFTC Regulation 4.7(a)) directly or indirectly hold in the aggregate 10% or greater beneficial interest; or
      - where a USP is the general partner, managing member, managing director or other position with authority for directing the entity's activities; or
      - was formed by or for a USP principally for the purpose of investing in securities not registered with the SEC; or
      - where more than 50% of its voting ownership interests or non-voting ownership interests are directly or indirectly owned by USPs; or
  - ii. that is a trust created or organized under U.S. federal or state law or regardless of the place of creation or organization;
    - a. where one or more USPs has the authority to control all substantial decisions of the trust; or
    - b. where the administration of the trust or its formation documents are subject to the supervision of one or more U.S. courts; or
    - c. where any settlor, founder, trustee, or other person responsible for decisions related to the trust is a USP; or
  - iii. that is an estate of a deceased person regardless of where the person resided while alive where an executor or administrator is a USP.
3. An employee benefit plan established and administered in accordance with the laws of the U.S.
4. A discretionary or non-discretionary investment account or similar account (other than an estate or trust) held by a non-U.S. or U.S. dealer or other fiduciary for the benefit or account of a USP (as defined above).

For the purpose of this definition, the 'United States' and 'U.S.' means the United States of America (including the States and the District of Columbia), its territories, possessions and other areas of subject to its jurisdiction.

If, subsequent to a shareholder's investment in the Funds, the shareholder becomes a USP, such shareholder (i) will be restricted from making any additional investments in the Funds and (ii) as soon as practicable have its units compulsorily redeemed by the Funds (subject to the requirements of applicable law).

The Funds may, from time to time, waive or modify restriction (ii) above.

#### RESTRICTIONS ON OFFERS AND SALES TO CANADIAN RESIDENTS

The units described in this prospectus have not been authorised in Canada and accordingly shares in the Company may not be offered, promoted, or distributed directly or indirectly in Canada or to a person resident of Canada. A distribution or solicitation may be deemed to occur in Canada where a distribution or solicitation is made to a person (including an individual, corporation, trust, partnership or other entity, or other legal person) resident or otherwise located in Canada at the applicable time. For these purposes, the following persons will generally be considered to be a Canadian resident:

1. An individual, if
  - i. the individual's primary principal residence is located in Canada; or
  - ii. the individual is physically located in Canada at the time of the offer, sale or other relevant activity.
2. A corporation, if
  - i. the corporation's head office or principal office is located in Canada; or
  - ii. securities of the corporation that entitle the holder to elect a majority of the directors are held by Canadian Resident individuals (as described above) or by legal persons resident or otherwise located in Canada; or
3. A trust, if
  - i. the principal office of the trust (if any) is located in Canada; or
  - ii. the trustee (or in the case of multiple trustees, the majority of trustees) are Canadian Resident individuals (as described above) or are legal persons resident or otherwise located in Canada; or
  - iii. the individuals that make investment decisions or provide instructions on behalf of the trust are Canadian Resident individuals (as described above).
4. A partnership, if
  - i. the partnership's head office or principal office (if any) is located in Canada; or
  - ii. the holders of the majority of the interests of or in the partnership are held by Canadian Residents (as described above); or
  - iii. the general partner (if any) is a Canadian Resident (as described above); or
  - iv. the individuals that make investment decisions or provide instructions on behalf of the partnership are Canadian Resident individuals (as described above).

# Directory

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**HSBC Malta Funds SICAV p.l.c.**

171, Old Bakery Street  
Valletta VLT 1455  
Malta

**Manager**

HSBC Global Asset Management (Malta) Ltd.  
Business Banking Centre  
Mill Street  
Qormi QRM 3101  
Malta

**Company Secretary**

Ganado Services Limited  
171, Old Bakery Street  
Valletta VLT 1455  
Malta

**Fund Administrator and Registrar**

Deutsche International Corporate Services  
(Ireland) Limited  
Pinnacle 2  
Eastpoint Business Park  
Dublin 3  
Ireland

**Service Provider**

HSBC Bank Malta p.l.c.  
Service Delivery Wealth - Fund Distribution  
Operations Centre  
80, Mill Street  
Qormi QRM 3101  
Malta

**Depository**

Sparkasse Bank Malta p.l.c.  
101 Town Square  
Ix-Xatt Ta' Qui-Si-Sana  
Sliema SLM 3112  
Malta

**Sponsoring stockbroker**

Rizzo Farrugia & Co. (Stockbrokers) Ltd.  
3rd Floor, Airways House  
High Street  
Sliema SLM 1549  
Malta

**Auditors**

PricewaterhouseCoopers  
78, Mill Street  
Qormi QRM 3101  
Malta

**Legal Advisers**

Ganado & Associates  
171, Old Bakery Street  
Valletta VLT 1455  
Malta

**Regulatory Body**

Malta Financial Services Authority  
Notabile Road  
Attard BKR 3000  
Malta

