

10 December 2018

HSBC Global Asset Management announces changes to some of its mutual funds

HSBC Global Asset Management (Canada) Limited (“HSBC Global Asset Management”), the manager of the HSBC Mutual Funds (“Funds”), today announced the reduction of fees for the Manager Series and important information about the taxation of some HSBC Wealth Compass™ Funds that were launched in 2018.

Manager Series Fee Reductions

Effective 18 December 2018, HSBC Global Asset Management will reduce management fees by up to 35 basis points on the Manager Series for the following Funds:

Manager Series	Current Management Fee	New Management Fee
HSBC Canadian Money Market Fund	0.60%	0.35%
HSBC U.S. Dollar Money Market Fund	0.75%	0.40%
HSBC Mortgage Fund	0.85%	0.675%
HSBC Global Corporate Bond Fund	1.00%	0.75%
HSBC Emerging Markets Debt Fund	1.00%	0.75%
HSBC Monthly Income Fund	0.75%	0.625%
HSBC U.S. Dollar Monthly Income Fund	1.05%	0.775%
HSBC Global Equity Fund	0.75%	0.625%
HSBC Emerging Markets Fund	1.25%	1.125%
HSBC BRIC Equity Fund	1.25%	1.125%
HSBC Chinese Equity Fund	1.25%	1.125%
HSBC Indian Equity Fund	1.25%	1.125%

Important Information About the Taxation of Funds Launched in 2018

Earlier this year, HSBC Global Asset Management launched the HSBC Wealth Compass Funds, which includes the HSBC Wealth Compass Conservative Fund and HSBC Wealth Compass Moderate Conservative Fund (individually a “Non-MFT Fund” and collectively the “Non-MFT Funds”). Today, HSBC Global Asset Management determined that it does not expect the Non-MFT Funds to meet the requirements to qualify as a mutual fund trust for tax purposes for 2018 by the required deadline, which is the end of March 2019. This determination, along with the fact that for some or all of 2018 HSBC Bank Canada has held greater than 50% of the outstanding units, means that the taxation of the Non-MFT Funds will differ from the other Funds, including:

- For the period of time in which HSBC Bank Canada holds greater than 50% of the outstanding units, the Non-MFT Fund will be subject to taxation on a mark-to-market basis. Mark-to-market means that all net unrealized gains of the Non-MFT Fund will be recognized and distributed to unitholders at the end of the taxation year of the Non-MFT Fund. Mark-to-market income distributed to unitholders is 100% taxable and will be reported as Other income (like interest income) on T3 slips; and

- If, within 2018, HSBC Bank Canada's holdings of a Non-MFT Fund fall to 50% or below, the Fund will be deemed to have a year-end for tax purposes and will distribute its income for that period of time. The Non-MFT Fund will also have a regular year-end of December 31. Therefore, a unitholder of such a Non-MFT Fund may receive two distributions for 2018. Similarly, if HSBC Bank Canada's holdings of a Non-MFT Fund fall to 50% or below within 2019 or the Non-MFT Fund qualifies as a mutual fund trust within 2019, a unitholder may receive two distributions for 2019.

The Non-MFT Funds are registered investments under the Income Tax Act and thus are qualified investments for registered plans.

For more details on the tax implications, please refer to the December 2018 HSBC Mutual Funds Simplified Prospectus and Annual Information Form that will be published on or after 18 December 2018.

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Notes to editors:

1. About HSBC Bank Canada
HSBC Bank Canada, a subsidiary of HSBC Holdings plc, is the leading international bank in the country. We help companies and individuals across Canada to do business and manage their finances internationally through three global business lines: Commercial Banking, Global Banking and Markets, and Retail Banking and Wealth Management. The HSBC Group is one of the world's largest banking and financial services groups with assets of US\$2,603bn at 30 September 2018. Linked by advanced technology, the HSBC Group serves customers worldwide from around 3,800 offices in 66 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa.

For more information visit www.hsbc.ca or follow us on Twitter: @hsbc_ca or Facebook:
2. HSBC Global Asset Management (Canada) Limited is a wholly-owned subsidiary of, but separate entity from, HSBC Bank Canada and is the Canadian business of HSBC Global Asset Management.
3. HSBC Global Asset Management, the investment management business of the HSBC Group, invests on behalf of HSBC's worldwide customer base of retail and private clients, intermediaries, corporates and institutions through both segregated accounts and pooled funds. HSBC Global Asset Management connects HSBC's clients with investment opportunities around the world through an international network of offices in around 26 countries, delivering global capabilities with local market insight. As at 30 September 2018, HSBC Global Asset Management managed assets totalling US\$456bn on behalf of its clients. For more information see www.global.assetmanagement.hsbc.com

HSBC Global Asset Management is the marketing name for the asset management businesses of HSBC Holdings plc.
4. Commissions, trailing commissions, management fees, and expenses all may be associated with investments in the HSBC Mutual Funds. Please read the prospectus, Fund Facts and other disclosure documents before purchasing the HSBC Mutual Funds. The HSBC Mutual Funds are not guaranteed, their value may change frequently and past performance may not be repeated. The unit value of money market funds may not remain constant.
5. HSBC Wealth Compass™ is a trademark of HSBC Group Management Services Limited.

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