

## HSBC Asset Management Fixed Income (TL) Fund (HST)

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

### About Fund

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

### Goals and Investment Strategy of Fund

- Investment purpose of the mutual fund is to invest in reverse repo, money market and deposits along with corporate and government bonds.
- Minimum 80% of fund portfolio is invested in corporate and government bonds, rest is invested in reverse repo, deposit, money market and/or cash.
- Fund portfolio mainly includes TRY denominated corporate and government issued bonds and bills.
- Fund may invest in future and option contracts based on interest rate, financial index and capital market instruments for speculative and/or hedging purposes.
- HSBC Portföy Yönetimi A.Ş is responsible for determining the financial instruments to be invested in.

### Asset Allocation of the Fund



### Benchmark of the Fund

75% BIST- KYD<sup>1</sup> All DIBS + 5% BIST-KYD Corporate Bond Indices Fixed + 20% BIST-KYD Repo Index

#### Footnote 1

Indices are provided by the Institutional Investors Association of Türkiye and are widely used by the asset management industry in Türkiye. ([www.tkyd.org.tr](http://www.tkyd.org.tr)).

### Risk Profile of Fund

HSBC Asset Management Fixed Income (TL) Fund is compatible with the risk profile of customers who are willing to take “**Low Risk**”. It is possible to have capital loss in HSBC Asset Management Fixed Income (TL) Fund. HSBC Portföy Yönetimi A.Ş. does not guarantee any return to customer.

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



Low Yield Expectation			High Yield Expectation		
No Investment Risk	Very Low Risk	Low Risk	Moderate Level Risk	High Risk	Very High Risk

### Management Fee and Commission

Annual management fee of the fund is 2.19%. Fund management fee is calculated daily over total fund amount with determined management fee ratio. There is no subscription/redemption fee, commission or performance premium for this fund. Management, entry and exit fees paid for participation shares to be purchased in the portfolio are also taken into account as an expense item in calculating the Fund's total expense ratio.

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

### Tax

Gains derived through HSBC Asset Management Fixed Income (TL) Fund purchased by individuals between December 23, 2020 and April 30, 2024 are subject to %0 withholding tax, gains derived between May 1, 2024 and July 31, 2024 are subject to %7,5 withholding tax, whilst gains derived out of this period are subject to %10 withholding tax. Gains derived by companies other than joint stock companies, companies limited by shares and limited companies and foreign companies with the same characteristics are subject to %0 withholding tax. Gains derived from other companies are subject to %10 withholding tax.

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### Subscription and Redemption Principles

- Subscription orders given between 09:00-13:30 on the working days (in half working days 09:00-11:00) will be realized with the share price announced same night and orders will be executed next day (T+1).
- Redemption orders given between 09:00-13:30 on the working days (in half working days 09:00-11:00) will be realized with the share price announced same night and the order will be executed on the next working day (T+1).
- One working day will be added to the above for the realization of subscription and redemption orders given between 13:30-15:00. (in half working days 11:00-12:00)
- As per the new Capital Market Law all mutual funds pertaining to institutions that are a member of Türkiye Electronic Fund Distribution Platform (TEFAS "Platform") are traded on TEFAS. Fund subscription prices are announced after 10:00. The trading hours and operational process of the funds may differ. The operational process may be extended on holidays when the foreign markets are closed. Subscription and redemption orders can be given through HSBC Bank branches, Internet Banking, Telephone Banking, Mobile Banking and ATM channels.
- Any fund order placed between 09:00 and 13:30 can be cancelled until 13:30 on the same working day whilst any order placed between 13:30 and 15:00 can be cancelled until 15:00 on the same business day or between 09:00 to 13:30 on the next business day.
- Current fund prices can be found in HSBC branches, internet, telephone and mobile banking and ATM.
- Your fund shares are registered and monitored in the account by MKK (Central Securities Depository) personally opened for you in dematerialized form.
- As per the new Capital Market Law all mutual funds that are a member of Türkiye Electronic Fund Distribution Platform (TEFAS "Platform") are traded on TEFAS. As a result of platform rules, orders placed on the platform may fail to be executed on the day of order until closing time. In such case information can be taken through HSBC Bank Branches.

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

According to international and HSBC Group regulations mutual funds could not be offered to the customer who is classified and defined as a U.S. resident, including the residents of American Samoa and The Commonwealth of the Northern Mariana Islands or Canadian resident. Our customers should inform HSBC Bank A.S. and/or HSBC Yatırım Menkul Değerler A.Ş. in case of becoming U.S. or Canada resident.

### Fundamental Risks for Mutual Funds

**Market Risk:** Market risk is defined as the risk of loss in value of the financial instruments that represent borrowing, equities, other securities, equity prices and interest rates.

**Interest Rate Risk:** In case interest-driven products exist in the portfolio (such as reverse repo, debt instruments etc.), risk in mentioned assets' value might arise due to fluctuations in interest rates.

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

**Country Risk:** Economic, political, social structure and interest strategies of countries can be very effective on price of the product. These risks that can be defined as local risks might be, transfer risks, moratorium, changes on taxes etc. Moreover, possible changes on global economic and politic balances can be the cause of fluctuations on fund price.

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

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

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

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

**Concentration Risk:** Indicating the risk as a result of intensive investment in a certain asset and / or maturity.

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

**Legal Risk:** The risk that the fund's shares may be adversely affected by the changes that may occur in the

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legislation and regulation of regulatory authorities after the sale.

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

### **Not an Investment Advisory**

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

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

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

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

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

### **More Detailed Information About the Fund**

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

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

### **Legal Warning**

HSBC Bank A.Ş. is authorized by Banking Regulation and Supervision Agency (BRSA) for banking activities and is authorized by Capital Market Board (CMB) for capital market activities. HSBC Yatırım Menkul Değerler A.Ş and HSBC Portföy Yönetimi A.Ş are authorized by CMB for capital market activities. All of these affiliates of HSBC are

subject to supervision and scrutiny by those institutions. HSBC Bank A.Ş. and HSBC Yatırım Menkul Değerler A.Ş. are members of stock exchange to make transactions on BİST authorized by Borsa İstanbul A.Ş. The phrase of HSBC stands for HSBC Bank A.Ş., HSBC Yatırım Menkul Değerler A.Ş. and HSBC Asset Management and the main shareholder in which these are included. Active Distribution Agreements have been signed between HSBC Portföy Yönetimi A.Ş, HSBC Bank A.Ş. and HSBC Yatırım Menkul Değerler A.Ş in order to ensure that mutual funds whose founder is HSBC Portföy Yönetimi A.Ş can be distributed by HSBC Bank A.Ş. and HSBC Yatırım Menkul Değerler A.Ş. This basic information document and prior information form consists of indicative terms and is prepared for introductory purposes.

### **General Information**

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

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

By signing this document you will be accepted as you have taken, read and understood the terms, provisions and information in the Basic Information Document and Prior Information Form of mutual fund you have demanded and whose descriptions can be found above.

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

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