
ABF HONG KONG BOND INDEX FUND

ABF 香港創富債券指數基金

(Stock Code:2819)

Announcements

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Code on Unit Trusts and Mutual Fund

30/12/2019

IMPORTANT

This document is important and requires your immediate attention. If you are in any doubt about the Prospectus and this Supplement, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

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ABF HONG KONG BOND INDEX FUND

ABF 香港創富債券指數基金

(a Hong Kong unit trust authorised under section 104 of the Securities and Futures Ordinance
(Chapter 571 of the Laws of Hong Kong))

(Stock Code: 2819)

Announcement

HSBC Investment Funds (Hong Kong) Limited, as the Manager of ABF Hong Kong Bond Index Fund (the "**Trust**"), hereby announces that with effect from 30 December 2019 (the "**Effective Date**"), the trust deed of the Trust, that was amended and restated by a supplemental trust deed dated 24 November 2017 (the "**Trust Deed**"), is further amended and restated (the "**Amended and Restated Trust Deed**"). The purpose of the Amended and Restated Trust Deed is to incorporate changes into the Trust Deed to comply with the requirements of the Securities and Futures Commission's (the "**SFC**") revised Code on Unit Trusts and Mutual Funds (the "**Revised UT Code**"). The prospectus of the Trust (the "**Prospectus**") and product key facts statement of the Trust ("**KFS**") are also amended to reflect the requirements under the Revised UT Code. The Revised UT Code came into effect on 1 January 2019 with a 12-month transition period for existing schemes (i.e. funds previously authorised by the SFC, including the Trust).

Unless otherwise defined herein, capitalised terms used herein shall have the same meanings ascribed to them under the Prospectus.

Amendments to the Trust Deed

The main changes to the Trust Deed relate to the following, without limitation:

- (i) the investment restrictions applicable to the Trust to reflect the updated investment restrictions under Chapter 7 of the Revised UT Code. Investors can also refer to the section titled "Investment Objective and Policies of the Trust" in the Prospectus for the revised disclosures relating to the investment restrictions;
- (ii) effective as from 31 January 2020, the basis of the threshold for triggering deferral of redemption requests;
- (iii) the requirements for entering into securities financing transactions by the Trust;
- (iv) the requirements for entering into transactions with Connected Persons by the Trust;
- (v) the preparation of financial reports and books of account and records of the Trust;
- (vi) the justifications for modification of the Trust Deed without sanction of an Extraordinary Resolution have been broadened to include modifications to comply with regulatory requirements;
- (vii) the valuation policies and procedures of the Trust, including enhanced obligations of the Manager with respect to the conduct of valuation policies and procedures, the review of such policies by a competent and functionally-independent party and the circumstances under which fair value adjustments are necessary;
- (viii) enhanced obligations of the Trustee and the Manager respectively; and
- (ix) other modifications for compliance with regulatory requirements.

Pursuant to Clause 38.1 of the Trust Deed, the Trustee has certified that in its opinion the alterations, modifications or variations contemplated under the Amended and Restated Trust Deed:

- (a) are not materially prejudicial to the interest of the unitholders of the Trust;

- (b) do not to any material extent release the Trustee, the Manager or any other person from any liability to the unitholders of the Trust; and
- (c) do not increase the costs and charges payable out of the Trust (other than costs incurred in altering, modifying or varying the Trust Deed).

Accordingly, such alterations, modifications or variations do not require the sanction of an extraordinary resolution of the unitholders of the Trust.

Offering Documents

The Prospectus and KFS are also amended on the Effective Date to reflect the requirements of the Revised UT Code.

In addition, the following updates will be made to the Prospectus and KFS (where applicable):

- i. The investment policy has been amended in the Prospectus and KFS to provide that the Trust may invest in instruments with loss-absorption features (e.g. contingent convertible securities). The actual exposure of such instruments will depend on the composition of the Index Securities, and in any event, should be less than 30% of NAV of the Trust. Investors should take note of the risk disclosures in relation to investments in instruments with loss-absorption features.
- ii. The Prospectus and KFS have been updated to provide that the Trust's net derivative exposure may be up to 10% of the Trust's net asset value.
- iii. The Prospectus has been updated to reflect that, from the Effective Date, the SFC has withdrawn the waiver from compliance with 10.13 of the SFC's Code on Unit Trusts and Mutual Funds (version published on 1 August 2008) as the Trust will be complying with the Revised UT Code and the said waiver will no longer be applicable.

A copy of the Prospectus and KFS dated December 2019 is available on the Trust's website (www.assetmanagement.hsbc.com/hk-ABF¹) from the Effective Date. The same are also available for inspection, free of charge, during normal business hours at the registered office of the Manager from the Effective Date.

Save as disclosed in this announcement, there will be no change in the operation and/or manner in which the Trust is being managed, there will be no change in the fee structure in managing the Trust and the changes will not result in any material change to the investment objective and overall risk profile of the Trust. The expenses arising as a result of the above changes will be borne by the Trust.

The Manager accepts responsibility for the accuracy of the information contained in this announcement.

Investors who have any questions regarding the above may contact the Manager at Level 22, HSBC Main Building, 1 Queen's Road Central, Hong Kong (telephone number: (852) 2284 1229).

HSBC Investment Funds (Hong Kong) Limited
Manager of ABF Hong Kong Bond Index Fund
30 December 2019

As at the date of this announcement, the board of directors of the Manager is comprised as follows: Mr. BERRY, Stuart Glenn, Mr. BOTELHO BASTOS, Pedro Augusto, Ms. LAU, Ka Yin Joanne, Dr. MALDONADO-CODINA, Guillermo Eduardo and Mr. TAM, Chun Pong Stephen.

¹ Please note that this website has not been reviewed by the SFC.