

## 1. Description of the ILP Sub-Fund

AB American Income Portfolio (the "**ILP Sub-Fund**") is an investment-linked policy sub-fund offered by HSBC Life (Singapore) Pte. Ltd ("**HSBC Life**")

Investment risk rating is a guide to determine the ILP Sub-Fund that is suitable to the risk profile as indicated in the HSBC Bank (Singapore) Limited's (the "**Bank**") Risk Profile Questionnaire (RPQ). It is currently only applicable to customers of the Bank.

## 2. Structure of the ILP Sub-Fund

The ILP Sub-Fund is a single ILP sub-fund which invests 100% into fund AB American Income Portfolio (the "**Portfolio**"), which is a mutual fund domiciled in Luxembourg and regulated by the Commission de Surveillance du Secteur Financier.

ILP Sub-Fund	Currency	The Portfolio share class	Investment Risk Rating
AB American Income Portfolio	SGD	AB American Income Portfolio – AT SGD H	3
AB American Income Portfolio	USD	AB American Income Portfolio – AT USD	3

The ILP Sub-Fund is not classified as an Excluded Investment Product (as defined within the MAS Notice 307 on Investment-Linked Policies (the "**MAS Notice 307**")).

## 3. Information on the Management Company and Investment Manager

The Management Company of the Portfolio is AllianceBernstein (Luxembourg) S.à r.l. (the "**Manager**"), a company incorporated in Luxembourg whose registered office is at 2-4, rue Eugène Ruppert, L-2453, Luxembourg. The Management Company has been managing funds since 1990. The Management Company operates as a UCITS-compliant Management Company subject to the supervision of the Commission de Surveillance du Secteur Financier ("**CSSF**"), the Luxembourg financial supervisory authority.

The Management Company has appointed AllianceBernstein L.P. (the "**Investment Manager**") for the Portfolio. Pursuant to this arrangement, the Management Company has delegated its investment management and advisory functions to the Investment Manager. The Investment Manager is a Delaware limited partnership domiciled in Delaware, U.S.A. and has been managing funds since 1971. The Investment Manager is registered with the U.S. Securities and Exchange Commission (the "**SEC**") as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended. Additional information about the Investment Manager is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

The monies and assets of the ILP Sub-Fund are not expected to be affected by the insolvency of the Manager as monies and assets belonging to the ILP Sub-Fund are segregated from the Manager's assets through the maintenance of separate bank and custodian accounts for the ILP Sub-Fund, and it is not permissible for monies and assets of the ILP Sub-Fund to be used for payment of the Manager's debts and liabilities under law.

### 3.1 Information on the Depositary and Administrator of the Portfolio

Brown Brothers Harriman (Luxembourg) S.C.A. has been appointed to act as Administrator and Depositary of the Portfolio.

## 4. The Auditor of the Portfolio

The auditor of the Portfolio is Ernst & Young S.A.

## 5. Investment Objectives, Focus and Approach

### 5.1 Investment Objectives

The primary investment objective of the Portfolio is to seek to provide a high level of current income consistent with preservation of capital.

## **5.2 Investment Focus and Approach**

The Portfolio seeks to meet its investment objective by investing in a diversified portfolio of fixed-income securities.

As a secondary objective, the Portfolio will seek to increase its capital through appreciation of its investments in order to preserve and, if possible, increase the purchasing power of each Shareholder's investment.

The Portfolio's investments may include all types of U.S. Government Securities, including those backed by the full faith and credit of the U.S. Government, those supported by the right to borrow from the U.S. Treasury and those backed by the credit of the issuing agency itself. The Portfolio may also invest in fixed-income securities issued by U.S. corporations and by non-U.S. corporations and by governments other than that of the United States (including, but not limited to, states, provinces and municipalities) or their agencies and instrumentalities ("**governmental entities**") issuing securities denominated in Dollars and a variety of mortgage-backed securities and zero coupon securities.

The Portfolio will maintain investment exposure of at least 65% of its total assets in U.S. issuers. The Investment Manager anticipates that the Portfolio will maintain investment exposure of at least 50% of its total assets in (i) U.S. Government Securities, as described below, and (ii) other fixed income securities described herein that, at the time of investment, are considered Investment Grade, or if not so rated, are determined by the Investment Manager to be of equivalent quality. Notwithstanding the foregoing, under certain market conditions the Investment Manager may obtain investment exposure in excess of 50% of the Portfolio's assets in securities that are rated below Investment Grade if the Investment Manager deems such investments appropriate in light of current market conditions and the Portfolio's investment objective.

The Portfolio may use derivatives: (i) as an alternative to investing directly in the underlying investments, (ii) to manage duration, (iii) to hedge against interest rate, credit and currency fluctuations and (iii) for EPM purposes.

## **5.3 Investor Profile**

The Portfolio is only suitable for potential investors who:

- have higher risk-tolerance and are seeking the medium to long term rewards of equity investment; and
- are comfortable with the risks associated with a fund that invests in financial derivative instruments ("FDIs").

## **6. Central Provident Fund ("CPF") Investment Scheme**

The ILP Sub-Fund is currently not included under the CPF Investment Scheme.

## **7. Risks**

### **7.1 General Risks**

Investors should consider and satisfy themselves as to the risks of investing in the ILP Sub-Fund. While the ILP Sub-Fund offers potential for capital appreciation, no assurance can be given that this objective will be achieved.

Investors should also be aware that the price of units in the ILP Sub-Fund may fall or rise and investors may not get back their original investment. Investments in the ILP-Sub Fund are designed to produce returns over the long-term and are not suitable for short-term speculation. Investors should not expect to obtain short-term gains from such investments.

The ILP Sub-Fund may be subject to different degrees of economic, political, foreign exchange rate, interest rate, liquidity, default, regulatory and possible repatriation risks depending on the countries and asset classes that the Portfolio invests into or has exposure to.

There are general uncertainties and risks associated with investments and transactions in transferable securities and other financial instruments, including investments in financial derivative instruments for the purposes of hedging or as direct investments.

The ILP Sub-Fund may also be exposed to foreign exchange rate risks where it feeds into an Portfolio which invests in assets denominated in foreign currencies, or where the share class is denominated in a currency other than the Singapore dollar. Where the share class is the Singapore dollar hedged share class, the ILP Sub-Fund may still be subject to foreign exchange risks as the currency hedging process may not give a precise hedge

The ILP Sub-Fund is not listed and has no secondary market. Investors can only redeem their investment through HSBC Life on a day on which dealing is permitted. Redemption of units in the ILP Sub-Fund may be suspended under certain circumstances. This will affect an investor's ability to dispose of units. The assets of the Portfolio may be relatively illiquid which may restrict its ability to dispose of the investments at a price and time that it wishes to do so. This may result in a loss to the ILP Sub-Fund. The liquidity of the ILP Sub-Fund may also be limited if a significant portion of the assets of the Portfolio is to be sold to meet redemption requests within a short time frame.

Please refer to Section 7.2 of this Fund Summary for more information on the risks specific to the ILP Sub-Fund.

## **7.2 Specific Risks**

Investors in the ILP Sub-Fund should carefully consider the following risks of the Portfolio.

A comprehensive description of the following risks can be obtained from "Section 15 – Risks" of the Portfolio's Singapore Prospectus. You can obtain a copy of the Portfolio's Singapore Prospectus from the Manager's website: <https://web.alliancebernstein.com/investments/singapore/home.htm>

### **7.2.1 Global Country Risk – Emerging Markets**

Investments in issuers located in a particular country or geographic region may have more risk because of particular market factors affecting that country or region.

A portfolio may be permitted to invest in securities of emerging market issuers. A portfolio consequently may experience greater price volatility and significantly lower liquidity than a portfolio invested solely in equity securities of issuers located in more developed markets. Investments in securities of emerging market issuers entail significant risks in addition to those customarily associated with investing in securities of issuers in more developed markets, such as (i) low or non-existent trading volume, resulting in a lack of liquidity and increased volatility in prices for such securities, as compared to securities of comparable issuers in more developed capital markets, (ii) uncertain national policies and social, political and economic instability, increasing the potential for expropriation of assets, confiscatory taxation, high rates of inflation or unfavourable diplomatic developments, (iii) possible fluctuations in exchange rates, differing legal systems and the existence or possible imposition of exchange controls, custodial restrictions or other laws or restrictions applicable to such investments, (iv) national policies which may limit a portfolio's investment opportunities such as restrictions on investment in issuers or industries deemed sensitive to national interests, and (v) the lack or relatively early development of legal structures governing private and foreign investments and private property.

Other risks relating to investments in emerging market issuers include: the availability of less public information on issuers of securities; settlement practices that differ from those in more developed markets and may result in delays or may not fully protect a portfolio against loss or theft of assets; the possibility of nationalization of a company or industry and expropriation or confiscatory taxation; and the imposition of foreign taxes. Investments in emerging markets securities will also result in generally higher expenses due to: the costs of currency exchange; higher brokerage commissions in certain emerging markets; and the expense of maintaining securities with foreign custodians.

Issuers in emerging markets may not be subject to accounting, auditing and financial reporting standards and requirements comparable to those to which companies in developed markets are subject. In certain emerging market countries, reporting standards vary widely. As a result, traditional investment measurements used in developed markets, such as price/earnings ratios, may not be applicable in certain emerging markets.

In addition to the above risks generic to all emerging markets, there are specific risks linked to investing in Russia. Investors should be aware that the Russian market presents specific risks in relation to the settlement and safekeeping of securities as well as in the registration of assets, where registrars are not always subject to effective government supervision. Russian securities are not on physical deposit with the Depositary or its local agents in

Russia. Therefore, neither the Depositary nor its local agents in Russia can be considered to be performing a physical safekeeping or custody function in the traditional sense. The Depositary's liability only extends to its own negligence and willful default and to negligence and willful misconduct of its local agents in Russia and does not extend to losses due to the liquidation, bankruptcy, negligence and willful default of any registrar. In the event of such losses, the Portfolio will have to pursue its rights against the issuer and/or its appointed registrar.

### **7.2.2 Liquidity Risk**

A security or position of a Portfolio could become hard to value, sell, or sell at the at the desired time or price and as such may impact the Portfolio's ability to meet redemption requests. Large redemption requests may also cause liquidity risk. In order to meet large redemption requests, the Portfolio will typically have to sell the most liquid securities first or sell less liquid securities at a potentially discounted price.

### **7.2.3 Focused Portfolio Risk**

The Portfolio may invest in a limited number of issuers, industries or sectors or countries and may therefore be subject to greater volatility than a portfolio invested in a larger or more diverse array of securities. Such concentration could expose such investors to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in securities in which the Portfolio is invested. Market or economic factors affecting issuers, industries or sectors in which the Portfolio's investments are concentrated could have a significant effect on the value of the Portfolio's investments.

### **7.2.4 Turnover Risk**

A portfolio may be actively managed and, in some cases in response to market conditions, the Portfolio's turnover may exceed 100%. A higher rate of portfolio turnover increases brokerage and other expenses, which must be borne by a portfolio and its shareholders. High portfolio turnover also may result in the realization of substantial net short term capital gains, which, when distributed, may be taxable to shareholders.

In addition, a portfolio may experience relatively higher turnover attributable to investors in a particular country where

such portfolio is available for purchase. This activity may adversely affect such portfolio's performance and the interests

of long-term investors. Volatility resulting from excessive purchases and redemptions or exchanges of shares, especially involving large dollar amounts, may disrupt efficient portfolio management. In particular, a portfolio may have difficulty implementing long-term investment strategies if it is unable to anticipate what portion of assets it should retain in cash to provide liquidity to shareholders. Also, excessive purchases and redemptions or exchanges of shares may force a portfolio to maintain a disadvantageously large cash position to accommodate short duration trading activity. Further, excessive purchases and redemptions or exchanges of a portfolio's shares may force a portfolio to sell portfolio securities at inopportune times to raise cash to accommodate short duration trading activity. Additionally, portfolios may incur increased expenses if one or more shareholders engage in excessive purchase and redemption or exchange activity. For example, a portfolio that is forced to liquidate investments due to short duration trading activity may incur increased brokerage and tax costs without attaining any investment advantage. Similarly, a portfolio may bear increased administrative costs as a result of the asset level and investment volatility that accompanies patterns of short duration trading activity.

### **7.2.5 Derivative Risks**

A portfolio may use derivatives, which are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate, or index. The Investment Manager will sometimes use derivatives as part of a strategy designed to reduce other risks. Generally, however, a portfolio may use derivatives as direct investments to earn income, enhance yield and broaden portfolio diversification. In addition to other risks such as the credit risk of the counterparty, derivatives involve the risk of difficulties in pricing and valuation and the risk that changes in the value of the derivative may not correlate perfectly with relevant underlying assets, rates, or indices. While the judicious use of derivatives by experienced investment advisers such as the Investment Manager can be beneficial, derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. The following is a general discussion of important risk factors and issues concerning the use of derivatives that investors should understand before investing in a portfolio.

- **Market Risk.** This is the general risk attendant to all investments that the value of a particular investment will change in a way detrimental to the Portfolio's interest.

- **Management Risk.** Derivative products are highly specialized instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The successful use of derivatives draws upon the Investment Manager's special skills and experience and usually depends on the Investment Manager's ability to forecast price movements, interest rates, or currency exchange rate movements correctly. Should prices, interest rates, or exchange rates move unexpectedly, a portfolio may not achieve the anticipated benefits of the transactions or may realize losses and thus be in a worse position than if such strategies had not been used. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to a portfolio and the ability to forecast price, interest rate or currency exchange rate movements correctly.
- **Credit Risk.** This is the risk that a loss may be sustained by a portfolio as a result of the failure of another party to a derivative (usually referred to as a "counterparty") to comply with the terms of the derivative contract. The credit risk for exchange-traded derivatives is generally less than for privately negotiated derivatives, since the clearing house, which is the issuer or counterparty to each exchange-traded derivative, provides a guarantee of performance. This guarantee is supported by a daily payment system (*i.e.*, margin requirements) operated by the clearing house in order to reduce overall credit risk. For privately negotiated derivatives, there is no similar clearing agency guarantee. Therefore, the Investment Manager will consider the creditworthiness of each counterparty to a privately negotiated derivative in evaluating potential credit risk.
- **Liquidity Risk.** Liquidity risk exists when a particular instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous price.
- **Leverage Risk.** Since warrants, options and many derivatives (to the extent utilized) have a leverage component, adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount invested in the warrant, option or derivative itself. In the case of swaps, the risk of loss generally is related to a notional principal amount, even if the parties have not made any initial investment. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment.
- **Other Risks.** Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Many derivatives, in particular privately negotiated derivatives, are complex and often valued subjectively. Improper valuations can result in increased cash payment requirements to counterparties or a loss of value to the Portfolio concerned. Derivatives do not always perfectly or even highly correlate or track the value of the assets, rates or indices they are designed to track. Consequently, a portfolio's use of derivatives may not always be an effective means of, and sometimes could be counterproductive to, furthering the Portfolio's investment objective.

### 7.2.6 OTC Derivatives Counterparty Risk

In addition to the general risks of derivatives discussed above, transactions in the OTC derivatives markets may involve the following particular risks.

- **Absence of regulation; counterparty default.** In general, there is less governmental regulation and supervision of transactions in the OTC markets (in which currencies, forward, spot and option contracts, credit default swaps, total return swaps and certain options on currencies are generally traded) than of transactions entered into on organised exchanges. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with OTC transactions. Therefore, any portfolio entering into OTC transactions will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the Portfolio will sustain losses. A portfolio will only enter into transactions with counterparties which it believes to be creditworthy, and may reduce the exposure incurred in connection with such transactions through the receipt of letters of credit or collateral from certain counterparties. Regardless of the measures the Portfolio may seek to implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that the Portfolio will not sustain losses as a result.
- **Liquidity; requirement to perform.** From time to time, the counterparties with which the Portfolio effects transactions might cease making markets or quoting prices in certain of the instruments. In such instances, the



Portfolio might be unable to enter into a desired transaction in currencies, credit default swaps or total return swaps or to enter into an offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange-traded instruments, forward, spot and option contracts on currencies do not provide the Investment Manager with the possibility to offset the Portfolio's obligations through an equal and opposite transaction. For this reason, in entering into forward, spot or options contracts, the Portfolio may be required, and must be able, to perform its obligations under the contracts.

- *Necessity for counterparty trading relationships.* As noted above, participants in the OTC market typically enter into transactions only with those counterparties which they believe to be sufficiently creditworthy, unless the counterparty provides margin, collateral, letters of credit or other credit enhancements. While the Portfolio and the Investment Manager believe that the Portfolio will be able to establish multiple counterparty business relationships to permit the Portfolio to effect transactions in the OTC market and other counterparty markets (including credit default swaps, total return swaps and other swaps market as applicable), there can be no assurance that it will be able to do so. An inability to establish or maintain such relationships would potentially increase the Portfolio's counterparty credit risk, limit its operations and could require the Portfolio to cease investment operations or conduct a substantial portion of such operations in the futures markets. Moreover, the counterparties with which the Portfolio expects to establish such relationships will not be obligated to maintain the credit lines extended to the Portfolio, and such counterparties could decide to reduce or terminate such credit lines at their discretion.

### **7.2.7 Structured Investments Risk**

Structured instruments are potentially more volatile and carry greater market risks than traditional debt instruments. Depending on the structure of the particular structured instrument, changes in a Benchmark may be magnified by the terms of the structured instrument and have an even more dramatic and substantial effect upon the value of the structured instrument. The prices of the structured instrument and the Benchmark or Underlying Asset may not move in the same direction or at the same time. Structured instruments may be less liquid and more difficult to price than less complex securities or instruments or more traditional debt securities. The risk of these investments can be substantial; possibly all of the principal is at risk.

### **7.2.8 Fixed Income Securities Risk – General**

The Net Asset Value of a portfolio invested in fixed-income securities will change in response to fluctuations in interest rates and currency exchange rates, as well as changes in credit quality of the issuer. Some portfolios may invest in high yielding fixed-income securities where the risk of depreciation and realization of capital losses on some of the fixed-income securities held will be unavoidable. In addition, medium- and lower-rated and unrated fixed-income securities of comparable quality may be subject to wider fluctuations in yield and market values than higher-rated fixed-income securities.

**Fixed-Income Securities and Interest Rates.** The value of a portfolio's Shares will fluctuate with the value of its investments. The value of a portfolio's investments in fixed-income securities will change as the general level of interest rates fluctuates. During periods of falling interest rates, the values of fixed-income securities generally rise, although if falling interest rates are viewed as a precursor to a recession, the values of a portfolio's securities may fall along with interest rates. Conversely, during periods of rising interest rates, the values of fixed-income securities generally decline. Changes in interest rates have a greater effect on fixed-income securities with longer maturities and durations than those with shorter maturities and durations.

**Fixed-Income Securities and Prepayment.** Many fixed-income securities, especially those issued at high interest rates, provide that the issuer may repay them early. Issuers often exercise this right when interest rates decline. Accordingly, holders of securities that may be called or prepaid may not benefit fully from the increase in value that other fixed-income securities experience when rates decline. Furthermore, in such a scenario a portfolio may reinvest the proceeds of the payoff at then-current yields, which would be lower than those paid by the security that was paid off. Prepayments may cause losses on securities purchased at a premium, and unscheduled prepayment, which will be made at par, will cause a portfolio to experience a loss equal to any unamortized premium.

**Rating Agencies.** Future actions of any rating agency can adversely affect the market value or liquidity of fixed-income securities, and a rating agency may, at any time and without any change in its published ratings criteria or methodology, lower or withdraw any rating assigned by it to any class of securities. Any such revision or

withdrawal of a rating as a result of such a failure might adversely affect the liquidity and value of a fixed-income security.

### **7.2.9 Fixed Income Securities Risk – Lower Rated and Unrated Instruments**

A portfolio's assets may be invested, in whole or in part, in high yield, high risk debt securities that are rated in the lower rating categories (i.e., below Investment Grade) or which are unrated but are of comparable quality as determined by the Investment Manager. Debt securities rated below Investment Grade are commonly referred to as "junk bonds" and are considered to be subject to greater risk of loss of principal and interest than higher-rated securities and are considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal, which may in any case decline during sustained periods of deteriorating economic conditions or rising interest rates. Lower-rated securities generally are considered to be subject to greater market risk than higher-rated securities in times of deteriorating economic conditions. In addition, lower-rated securities may be more susceptible to real or perceived adverse economic and competitive industry conditions than Investment Grade securities, although the market values of lower-rated securities tend to react less to fluctuations in interest rate levels than do those of higher-rated securities. The market for lower-rated securities may be thinner and less active than that for higher-quality securities, which can adversely affect the prices at which these securities can be sold. To the extent that there is no regular secondary market trading for certain lower-rated securities, the Investment Manager may experience difficulty in valuing such securities and, in turn, a portfolio's assets. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may tend to decrease the market value and liquidity of such lower-rated securities. Transaction costs with respect to lower-rated securities may be higher, and in some cases information may be less available, than is the case with Investment Grade securities.

Since the risk of default is higher for lower-rated securities, the Investment Manager's research and credit analysis are a correspondingly important aspect of its program for managing a portfolio's investment in these securities. In considering investments for a portfolio, the Investment Manager will attempt to identify those high-yielding securities the financial condition of which is adequate to meet future obligations or has improved, or is expected to improve in the future. The Investment Manager's analysis focuses on relative values based on such factors as interest or dividend coverage, asset coverage, earnings prospects, and the experience and managerial strength of the issuer.

Unrated securities will be considered for investment by a portfolio when the Investment Manager believes that the financial condition of the issuers of such securities, or the protection afforded by the terms of the securities themselves, limits the risk to the portfolio to a degree comparable to that of rated securities which are consistent with the portfolio's objectives and policies.

In seeking to achieve a portfolio's primary objective, there will be times, such as during periods of rising interest rates, when depreciation and realization of capital losses on securities in the portfolio will be unavoidable. Moreover, medium- and lower-rated securities and unrated securities of comparable quality may be subject to wider fluctuations in yield and market values than higher-rated securities under certain market conditions. Such fluctuations after a security is acquired do not affect the cash income received from that security but are reflected in the Net Asset Value of a portfolio.

**Distressed Securities.** Certain securities may become distressed when the issuer of such securities enters into default or is in high risk of default. Such securities often have a credit rating of CC or below. An issuer of securities may experience a risk of default for a number of reasons, including weak financial condition, poor operating results, substantial capital needs, negative cash flow or net worth, and changes in market or competitive conditions which adversely affect the issuer's business, among other factors. A Portfolio may invest in distressed securities where the Investment Manager believes that the market valuation of such securities is below their fair value. While higher in risk, distressed securities generally offer a correspondingly greater potential for higher returns. Distressed securities may be difficult to value due to legal and market uncertainties, and the level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is high. Accordingly, there can be no assurance that investments in such securities will generate returns to compensate Shareholders adequately for the risks assumed and without experiencing a loss. Distressed securities may also be affected by laws concerning issuer reorganization, bankruptcy, and creditor and shareholder rights, and such laws may vary considerably in various jurisdictions, leading to uncertainty as to the enforceability of claims by investors and lenders and delay in the recoupment of an investment.

**7.2.10 Credit Risks – Sovereign Debt Obligations**

By investing in debt obligations of governmental entities, a portfolio will be exposed to the direct or indirect consequences of political, social and economic changes in various countries. Political changes in a particular country may affect the willingness of a particular government to make or provide for timely payments of its debt obligations. The country's economic status, as reflected, among other things, in its inflation rate, the amount of its external debt and its gross domestic product, will also affect the government's ability to honor its obligations.

The ability of governments to make timely payments on their debt obligations is likely to be influenced strongly by the issuer's balance of payments, including export performance, and its access to international credits and investments. To the extent that a particular country receives payment for its exports in currencies other than the Currency of the Portfolio, such country's ability to make debt payments denominated in the Currency of the Portfolio could be adversely affected. To the extent that a particular country develops a trade deficit, such country will need to depend on continuing loans from foreign governments, supranational entities or private commercial banks, aid payments from foreign governments and on inflows of foreign investment. The access of a particular country to these forms of external funding may not be certain, and a withdrawal of external funding could adversely affect the capacity of such country to make payments on its debt obligations. In addition, the cost of servicing debt obligations can be affected by a change in global interest rates since the majority of these debt obligations carry interest rates that are adjusted periodically based upon global rates.

A portfolio may invest in debt obligations of governmental entities and supranational entities, for which a limited or no established secondary markets may exist. Reduced secondary market liquidity may have an adverse effect on the market price and a portfolio's ability to dispose of particular instruments when necessary to meet its liquidity requirements or in response to specific economic events such as deterioration in the creditworthiness of the issuer. Reduced secondary market liquidity for such debt obligations may also make it more difficult for a portfolio to obtain accurate market quotations for the purpose of valuing its portfolio. Market quotations are generally available on many sovereign debt obligations only from a limited number of dealers and may not necessarily represent firm bids of those dealers or prices for actual sales.

A portfolio may have limited legal recourse in the event of a default with respect to certain sovereign debt obligations it holds. For example, remedies from defaults on certain debt obligations of governmental entities, unlike those on private debt, must, in some cases, be pursued in the courts of the defaulting party itself. Legal recourse therefore may be significantly diminished. Bankruptcy, moratorium and other similar laws applicable to issuers of sovereign debt obligations may be substantially different from those applicable to issuers of private debt obligations. The political context, expressed as the willingness of an issuer of sovereign debt obligations to meet the terms of the debt obligation, for example, is of considerable importance. In addition, no assurance can be given that the holders of commercial bank debt will not contest payments to the holders of securities issued by foreign governments in the event of default under commercial bank loan agreements.

In addition, a portfolio's investment in debt obligations of supranational entities is subject to the additional risk that one or more member governments may fail to make required capital contributions to a particular supranational entity and, as a result, such supranational entity may be unable to meet its obligations with respect to its debt obligations held by the portfolio.

**7.2.11 Credit Risks – Corporate Debt**

By investing in debt obligations issued by companies and other entities, a portfolio will be subject to the risk that a particular issuer may not fulfill its payment or other obligations in respect of such debt obligations. Additionally, an issuer may experience an adverse change in its financial condition which may in turn result in a decrease in the credit rating assigned by an IRSO to such issuer and its debt obligations, possibly below Investment Grade. Such adverse change in financial condition or decrease in credit rating(s) may result in increased volatility in the price of an issuer's debt obligations and negatively affect liquidity, making any such debt obligation more difficult to sell.

**7.2.12 Risk Management**

The Investment Manager will utilize a commitment approach in accordance with the CSSF Circular 11/512 ("**Commitment**") or Value-at-Risk ("**VaR**") methodology to monitor the global exposure (market risk) for the



Portfolio. For further information on the VaR methodology, please refer to the section titled "Risk Measurement" in Section I of the Portfolio's Luxembourg Prospectus.

### **7.2.13 Currency Risks**

A particular portfolio's investment strategy may seek to fully or partially hedge currency exposures arising from some or all of the Portfolio's underlying assets to the Portfolio's base currency to the extent indicated in the description of a particular portfolio's investment strategy set out in Section I of the Luxembourg Prospectus. This type of hedging activity (i.e., hedging the currency exposures of a portfolio's investments against the Portfolio's base currency) is separate from – and unrelated to – the hedging activity discussed under the relevant heading relating solely to currency hedged share classes. The Investment Manager intends to fully hedge the foreign currency exposure for all currency hedged share classes.

Underlying investments of a portfolio may be denominated in one or more currencies different than that in which such portfolio is denominated. This means currency movement in such underlying investments may significantly affect the Net Asset Value in respect of such portfolio's shares. Investments by the Portfolios that are denominated in a particular currency are subject to the risk that the value of such currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Portfolios are not limited in the percentage of its assets that may be denominated in currencies other than the currency of the Portfolio. The Investment Manager may hedge to reduce the risks by investing in foreign currencies, foreign currency futures contracts and options thereon, forward foreign currency exchange contracts, or any combination thereof.

The Investment Manager is not obligated to engage in such currency hedging transactions and may elect to do so in its sole discretion. Such transactions involve a significant degree of risk and the markets in which foreign exchange transactions are effected may be highly volatile. No assurance can be made that such strategies will be effective.

In addition, because the shares of certain portfolios are offered in more than one currency, such portfolio and holders of the Shares are subject to certain additional currency risks. For example, such portfolio may be subject to the risk of an unfavourable change in the Dollar/Euro rate of exchange in respect of Euro subscriptions accepted on a particular trade date but for which actual Euro subscription amounts are not received by the Depositary until a subsequent trade date. Also, the Portfolio may be subject to the risk of a decline in the value of the Dollar relative to the Euro subsequent to a Euro redemption and prior to the payment of Euro redemption amounts to the redeeming shareholder.

Additionally, when a portfolio quotes its shares' net asset values in a currency other than the currency of the Portfolio, such values are derived from the spot foreign exchange rate of the other offered currency on each valuation point. Accordingly, the total return ultimately realised by a shareholder upon redemption in respect of an investment in shares made in such other offered currency will be directly affected, either positively or negatively, by changes in the exchange rate between such other offered currency and the currency of the Portfolio from the date of subscription to the date of redemption.

All expenses related to converting subscription and redemption amounts into and out of the currency of the Portfolio and other offered currencies are borne by the Portfolio concerned and attributed to the shares of such portfolio.

The distributor occasionally may arrange for foreign exchange facilities that allow investors to use certain currencies other than the offered currencies of a portfolio for subscription and redemption of shares. Such transactions are conducted outside of the Portfolio and at the investor's own risk and expense. Investors utilising such facilities may be subject to foreign exchange risks related to timing of settlement upon subscription and changes in exchange rates during the period of investment in the Portfolio.

### **7.2.14 Loans of Portfolio Securities and Repurchase Agreements**

A Portfolio may make secured loans of its securities. In determining whether to lend securities to a particular borrower, the Investment Manager will consider all relevant facts and circumstances, including the creditworthiness of the borrower. While securities are on loan, the borrower may pay the Portfolio concerned any income from the securities. The Portfolio may invest any cash collateral in money market instruments, thereby

earning additional income, or receive an agreed upon amount of income from a borrower who has delivered equivalent collateral. The Portfolio may have the right to regain record ownership of loaned securities or equivalent securities in order to exercise ownership rights such as voting rights, subscription rights and rights to dividends, interest or distributions. A Portfolio may pay reasonable finders', administrative and other fees in connection with a loan.

A repurchase agreement arises when a buyer purchases a security and simultaneously agrees to resell it to the vendor at an agreed-upon future date, normally a day or a few days later. The resale price is greater than the purchase price, reflecting an agreed-upon interest rate for the period the buyer's money is invested in the security. Such agreements permit a Portfolio to keep all of its assets at work while retaining "overnight" flexibility in pursuit of investments of a longer-term nature. If a vendor defaults on its repurchase obligation, the Portfolio concerned would suffer a loss to the extent that the proceeds from the sale of the collateral were less than the repurchase price. If a vendor goes bankrupt, the relevant Portfolio might be delayed in, or prevented from, selling the collateral for its benefit. The Investment Manager monitors the creditworthiness of the vendors with which a Portfolio enters into repurchase agreements.

## 8. Fees and Charges

### 8.1 Payable through deduction from asset value of the ILP Sub-Fund

<b>Fund Annual Management Fee (per annum)</b>	1.10%
<b>Other charges:</b>	Management Company fee: 0.10%; Depositary fee: 0.01% Transfer Agent fee: 0.04%; Administrator fee: 0.00%; Any other charges: 0.01%

The other charges reflected in the Singapore Prospectus of the Portfolio under "The fees and charges payable by the Sub-Fund" (in Section 14 "Fees and Charges") such as the sales charge, redemption fee, switching fee and management fee are not applicable.

Please refer to the Luxembourg Prospectus and the Singapore Prospectus for further details or updates on the additional fees above as may be determined by the Manager from time to time.

### 8.2 Payable by cancellation of units

Please refer to Section 5 of the Product Summary.

## 9. Suspension of Dealings

**9.1** HSBC Life may suspend the issue, realisation and/or cancellation of units by the Policyholder as and when the issue, realisation and/or cancellation of units of the Portfolio is suspended.

**9.2** The circumstances under which the issue, realisation and/or cancellation of units of the Portfolio may be suspended are set out in the Singapore Prospectus of the Portfolio (as may be supplemented or replaced from time to time).

**9.3** In addition, HSBC Life may suspend the issue, realisation and/or cancellation of units by the Policyholder under the following circumstances:

- (a) any 48-hour period (or such longer period as HSBC Life may agree) prior to the date of any meeting of Policyholders (or any adjourned meeting thereof);
- (b) any period when the dealing of units is suspended pursuant to any order or direction of the MAS; or
- (c) any period when the business operations of HSBC Life in relation to the operation of the ILP Sub-Fund is substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

**9.4** Such suspension shall take effect forthwith upon the declaration in writing thereof by HSBC Life and shall terminate on the day following the first Business Day on which the condition giving rise to the suspension shall have ceased to exist and no other conditions under which suspension is authorized under this paragraph shall exist upon the declaration in writing thereof HSBC Life.

## 10. Performance of the ILP Sub-Fund

Performance of the ILP Sub-Fund against its benchmark as at 30 June 2023.

### Average Annual Compounded Returns

Fund Performance (%)	3mths (%)	6mths (%)	1yr (%)	3yrs* (%)	5yrs* (%)	10yrs* (%)	Since Inception* (%)
AB American Income Portfolio Class AT SGD Hedged	-0.29	1.59	1.03	N/A	N/A	N/A	-7.53
Bloomberg US Aggregate Index (SGD)	-1.18	1.40	-1.93	N/A	N/A	N/A	-7.65

Fund Performance (%)	3mths (%)	6mths (%)	1yr (%)	3yrs* (%)	5yrs* (%)	10yrs* (%)	Since Inception* (%)
AB American Income Portfolio Class AT USD	0.14	2.45	2.28	N/A	N/A	N/A	-6.83
Bloomberg US Aggregate Index (USD)	-0.84	2.09	-0.94	N/A	N/A	N/A	-7.07

\* Annualised Return

\*\* Since inception date of ILP Sub-Fund: 22 November 2021.

Benchmark: Bloomberg Barclays US Aggregate Index

Source: AllianceBernstein (AB). Percentage growth, NAV-to NAV, performance is computed on the assumption that all dividends and distributions are reinvested.

Note: The performance of the ILP Sub-Fund is not guaranteed and the value of investments and income from them may fall as well as rise. Past performance of the ILP Sub-Fund is not necessarily indicative of future performance.

### 10.1 Basis of Calculating the Return

The performance figures are calculated in Singapore Dollars and U.S Dollars using bid-to-bid prices/NAV-to-NAV prices, with any income or dividends reinvested. Fees and charges payable through deduction of premium or cancellation of units are excluded from this calculation.

## 11. Expense Ratio

ILP Sub-Fund	Expense Ratio	Period
AB American Income Portfolio – AT SGD H	1.32%	As of 28 February 2023.
AB American Income Portfolio – AT USD	1.32%	

The expense ratio of the ILP Sub-Fund does not include charges for insurance coverage, brokerage and other transactions costs, interest expenses, performance fee, foreign exchange gains and losses, front and back end loads and other costs arising from the purchase or sales of other funds, tax deducted at source or arising out of income received and dividends and other distributions to shareholders. The expense ratio of the ILP Sub-Fund is calculated in accordance to the Investment Management Association of Singapore's guidelines as required by MAS Notice 307.

## 12. Turnover Ratio

ILP Sub-Fund	Turnover Ratio	Period
AB American Income Portfolio – AT SGD H	32.84%	As of 28 February 2023.
AB American Income Portfolio – AT USD		

The turnover ratios of the ILP Sub-Fund and the Portfolio are calculated based on the lesser of purchases or sales expressed as a percentage over average daily net asset value.

### **13. Soft Dollar Commissions/Arrangements**

HSBC Life does not receive any soft dollar commission in respect of the ILP Sub-Fund. Soft dollars refers to arrangements under which products or services, other than the execution of securities transactions, are obtained from or through a broker in exchange for the direction by the manager of transactions to the broker.

Although currently the Management Company does not receive or enter in soft dollar commissions/arrangements, the Investment Manager does receive and has entered into soft-dollar commissions/arrangements with brokers relating to the Portfolio which invest in equity securities, in respect of which certain goods and services used to support the investment decision making process were received. Please refer to the heading "Soft-Dollar Arrangements" under the "Risk Factors - Conflicts of Interest" in Section II of the Portfolio's Luxembourg Prospectus for details on the soft dollar arrangements aforementioned.

### **14. Conflicts of Interest**

There may be situations in which the Investment Manager or its affiliates (which includes the Management Company) could encounter a conflict of interest in connection with the Portfolio. Please refer to "Additional Information – Conflicts of Interest" in Section II of the Portfolio's Luxembourg Prospectus for a full description of the other potential situations of conflict of interest.

The Management Company, the Investment Manager, the Depositary, the Administrator, distributors and other service providers, including their respective affiliates, directors, officers and unitholders, and the directors of the Portfolio are or may be involved in other financial, investment and professional activities that may create conflicts of interest with the management and administration of the Portfolio. These include the management of other funds, purchases and sales of securities, brokerage services, depositary and safekeeping services, and serving as directors, officers, advisors or agents for other funds or other companies, including companies that a portfolio may invest in. Each of the parties will ensure that the performance of their respective duties will not be impaired by any such other involvement that they might have. In the event that a conflict of interest does arise, the managers of the Management Company and the relevant parties involved shall endeavor to resolve it fairly, within a reasonable time and in the interest of the Portfolio. Potential investors should also be aware that the Portfolio is subject to a number of actual and potential conflicts of interest involving the AB Group. While conflicts of interest are inherent to the relationships among the AB Group, merely because an actual or potential conflict of interest exists does not mean that it will be acted upon to the detriment of the Portfolio.

The Investment Manager will, in such event, have regard to its obligations under the Investment Management Agreement and, in particular, to its obligations to act in the best interests of the Portfolio, so far as practicable having regard to its obligations to other clients, when undertaking any investments where potential conflicts of interest may arise. Should a conflict of interest arise, the Investment Manager will endeavor to ensure that it is resolved fairly.

Without limitation, such conflicts may include a circumstance whereby an Interested Party may sell or purchase investments to or from the Portfolio, provided that (i) the sale or purchase is effected on an official stock exchange or other organized market where the purchaser or vendor is undisclosed at the time of the sale or purchase or in other circumstances where the vendor and purchaser are not identified to each other; or (ii) the terms and conditions of any such sale or purchase are effected on an arm's-length basis and approved by the Board of Managers of the Management Company before such sale or purchase is effected.

### **15. Reports**

The latest audited annual reports and unaudited semi-annual reports of the Portfolios will be published and made available to the Singapore Shareholders at no cost to them at the registered office of the Singapore Representative during normal Singapore business hours. Electronic copies of the latest annual and semi-annual reports will be made available on the following AllianceBernstein website: [www.alliancebernstein.com](http://www.alliancebernstein.com) within four months of end August (for annual reports) and within two months of end February (for semi-annual reports).

HSBC Life's financial year-end for the ILP Sub-Fund is 30 June. The annual audited financial statements will be prepared and made available by 30 September, i.e. 3 months from the financial year end.

HSBC Life's financial half year-end for the ILP Sub-Fund is 31 December. The semi-annual report will be prepared and made available by 28 February, i.e. 2 months from the date of the financial half-year end.

These financial statements and/ or the reports, when available, will be accessible from HSBC Life's website at <http://www.insurance.hsbc.com.sg/annualreport>. A copy will be provided to Policyholders upon request.

#### **16. Other material information**

The Fund Summary must be read in conjunction with the Product Highlights Sheet and the Product Summary.

The Portfolio's prospectus is available for download at  
<https://web.alliancebernstein.com/investments/singapore/home.htm>

#### **16.1 Distribution of Income, Capital and Dividends**

The Management Company intends to declare and pay monthly dividends equal to all or substantially all of the Portfolio's net income attributable to each class of Shares.

#### **16.2 Investment Guidelines and Restrictions**

The investment guidelines that have to be complied with by the ILP Sub-Fund are set out within MAS Notice 307 on Investment-Linked Policies, where applicable. The investment restrictions imposed by Luxembourg law will be complied with by the Portfolio.

Please refer to Appendix A "Investment Restrictions" of the Portfolio's Luxembourg Prospectus for details on the investment restrictions of the Portfolio.