

## 1. Description of the ILP Sub-Fund

Allianz Global Artificial Intelligence (the "**ILP Sub-Fund**") is an investment-linked policy sub-fund offered by HSBC Insurance (Singapore) Pte. Limited ("**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 Allianz Global Artificial Intelligence (the "**Fund**"). The Fund is a collective investment scheme constituted in Luxembourg that aims to provide long-term capital growth by investing in global equity markets with a focus on the evolution of artificial intelligence.

ILP Sub-Fund	Currency	Share Class	Investment Risk Rating
Allianz Global Artificial Intelligence	SGD	Allianz Global Artificial Intelligence – AT SGD H	5
Allianz Global Artificial Intelligence	USD	Allianz Global Artificial Intelligence – AT USD	5

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 Manager

The Management Company of the Fund is Allianz Global Investors GmbH (the "**Management Company**"). The Management Company is responsible, subject to the supervision of the Directors, for the provision of investment management services, administrative services and marketing services to the Fund.

The Management Company has been managing collective investment schemes and discretionary funds since 1956. The Management Company is authorised and regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin). The Management Company is part of Allianz Global Investors.

Allianz Global Investors is a diversified active investment manager with total assets under management over EUR 535 billion as of 31 March 2019. Its teams can be found in 25 locations in 18 countries, with a strong presence in the US, Europe and Asia-Pacific. With around 730 investment professionals and an integrated investment platform, it covers all major business centers and growth markets. Allianz Global Investors' global capabilities are delivered through local teams to ensure best-in-class service.

The Investment Manager is Allianz Global Investors U.S. LLC (the "**Investment Manager**"). The Investment Manager is part of Allianz Global Investors and is domiciled in USA. The Investment Manager is regulated by the US Securities and Exchange Commission. The Investment Managers will manage the day-to-day business of the portfolio (under the supervision, control and responsibility of the Management Company) and provide other related services.

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 Fund

The Depositary, Registrar and Transfer Agent is State Street Bank International GmbH, Luxembourg Branch.

## 4. The Auditor of the Fund

The auditor of the Fund is PricewaterhouseCoopers Société cooperative.

## 5. Investment Objectives, Focus and Approach

### 5.1 Investment Objectives

The Fund aims to provide long-term capital growth by investing in the global equity markets with a focus on the evolution of artificial intelligence.

### 5.2 Investment Focus and Approach

- A minimum of 70% of the Fund assets are invested in the global equity markets with a focus on the evolution of artificial intelligence.
- The Fund assets may be invested in Emerging Markets.
- The Fund may use financial derivative instruments for efficient portfolio management (including for hedging) purposes and/or for the purpose of optimising returns or in other words investment purposes.

### 5.3 Investor Profile

The ILP Sub-Fund is only suitable for potential investors who:

- pursue the objective of general capital formation/asset optimisation and/or above-average participation in price changes;
- have basic knowledge and/or experience of financial products; and
- are capable of bearing a financial loss.

The ILP Sub-Fund may not be suitable for investors who wish to withdraw their capital from the Fund within a short or medium timeframe.

## 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 a 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.

You should refer to the Fund's Luxembourg Prospectus under Section XV.1. headed "General Risk Factors applicable to All Sub-Funds unless otherwise stated" and Appendix 1, Part A under the heading "6. Use of Techniques and Instruments" for information on risk factors that may be associated with an investment in the Fund including company-specific risk, concentration risk, counterparty risk, country and region risk, creditworthiness and downgrading risk, dilution and swing pricing risk, distribution out of capital risk, general market risk, interest rate risks, liquidity risk, sovereign debt risk and use of derivatives risk.

You can obtain a copy of the Fund's Prospectus from website: <https://sg.allianzgi.com/en/retail>

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 Fund should carefully consider the following risks of the Fund.

A comprehensive description of the following risks can be obtained from Section 7 "Risk Factors" in the Fund's Singapore Prospectus.

### **7.2.1 Currency Risk**

If the Fund directly or indirectly (via derivatives) holds assets denominated in currencies other than its Base Currency or if a Share Class of the Fund is designated in a currency other than the Base Currency of the Fund (each a "foreign currency"), it is exposed to a currency risk that if foreign currency positions have not been hedged or if there is any change in the relevant exchange control regulations, the NAV of the Fund or that Share Class may be affected unfavorably. Any devaluation of the foreign currency against the Base Currency of the Fund would cause the value of the assets denominated in the foreign currency to fall, and as a result may have an adverse impact on the Fund and/or the investors.

Subject to the specific investment restrictions of the Fund, the Management Company may use financial derivative instruments to hedge the foreign currency exposure and currency hedging transactions may be entered into in relation to one or more Share Classes. Hedging can be used in particular to reflect the different currency-hedged Share Classes. Please refer to Appendix 1 of the Fund's Luxembourg Prospectus for further information on the use of financial derivative instruments and to Section IX.3.2 of the Luxembourg Prospectus headed "Reference Currency" for further information on the different hedging policies applicable to different Share Classes.

You should note that the Fund is not normally fully invested in assets denominated in Singapore dollars, the Base Currency of the Fund is not Singapore dollars and the Reference Currency of the Share Classes you invest into may not be Singapore Dollars. Unless otherwise indicated in respect of the Fund or Share Class, the Management Company does not intend to hedge against currency fluctuations between the Singapore Dollar and the Fund Base Currency and / or the Reference Currency of the Share Classes. If your Reference Currency is Singapore dollars, you may therefore be exposed to an additional exchange rate risk.

### **7.2.2 Country and Region Risks**

The Fund focuses its investments on particular countries or regions, this may increase the concentration risk. Consequently, the Fund is particularly susceptible to the adverse development and risks of individual or interdependent countries and regions, or of companies based and/or operating in those countries or regions. Any adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event or development in such countries, regions or companies may adversely impact the performance of the Fund and/or the value of Shares held by investors.

Economic or political instability in certain countries in which the Fund is invested may lead to a situation in which the Fund does not receive part or all of the monies owed to it in spite of the solvency of the issuer of the relevant assets. Currency or transfer restrictions or other legal changes may have a significant effect.

### **7.2.3 Emerging Markets Risks**

Investments in Emerging Markets are subject to greater liquidity risk, currency risk and general market risk. Increased risks may arise in connection with the settlement of securities transactions in Emerging Markets, especially as it may not be possible to deliver securities directly when payment is made. In addition, the legal, taxation and regulatory environment, as well as the accounting, auditing and reporting standards in Emerging Markets may deviate substantially to the detriment of the investors from the levels and standards that are considered standard international practice. Increased custodial risk in Emerging Markets may also arise, which may, in particular, result from differing disposal methods for acquired assets. Such increased risks may have an adverse impact on the Fund and/or the investors.

## 7.2.4 Sector and Theme Fund Risk

Sector and theme funds have a limited investment universe which results in limited risk diversification compared to broadly investing funds. The more specific the respective sector and/or theme is the more limited the investment universe and the more limited the risk diversification might be. A limited risk diversification can increase the impact of the development of individual securities acquired for the respective fund. In addition, sector and theme funds may acquire Equities of companies which are also related to other sectors and/or themes in case of companies being active in various sectors and/or themes. This may include Equities of companies which are – at the time of acquisition – only related to a minor part to the respective sector and/or theme if such companies - pursuant to the portfolio manager’s discretionary assessment – will likely materially increase the importance of such segment of their business activities. This may result in deviations of the performance of the respective fund compared to the performance of financial indices reflecting the respective sector and/or theme.

## 8. Fees and Charges

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

<b>All-in-Fee</b>	2.05% per annum (The fees and expenses of the investment manager, central administration agent and depositary will be covered by the All-in-Fee payable to the Management Company.)
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Please refer to Singapore Prospectus of the Fund under Section 6 “Fees and Charges” for the details of other charges.

### 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 Fund is suspended.

**9.2** The circumstances under which the issue, realisation and/or cancellation of units of the Fund may be suspended are set out in the Singapore Prospectus of the Fund (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 2021.

### Average Annual Compounded Returns

Period	Allianz Global Artificial Intelligence – A SGD Hedged (%)	Allianz Global Artificial Intelligence – A USD (%)	Benchmark (%)
Year to Date	14.18	14.39	12.74
1-year	80.38	81.39	41.11
3-year	34.68	35.77	21.58
5-year	N.A	N.A	N.A
10-year	N.A	N.A	N.A
Since Inception**	32.49	32.57	21.80

\*\* Share Class A SGD inception date: 8 December 2017; Share Class A USD inception date: 31 March 2017;

^Benchmark: From 31 March 2017 to 31 December 2017, the benchmark for the Fund was MSCI World IT Total Return (NET) in USD. With effect from 1 January 2018, the benchmark for the Fund has been changed to 50% MSCI All Countries World/50% MSCI World IT (USD).

Source: Allianz Global Investors.

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 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
Allianz Global Artificial Intelligence – AT SGD Hedged	2.10%	From 1 October 2019 to 30 September 2020
Allianz Global Artificial Intelligence – AT USD	2.10%	

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
Allianz Global Artificial Intelligence – AT SGD Hedged	106.75%	From 1 October 2019 to 30 September 2020
Allianz Global Artificial Intelligence – 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

Brokerage commissions on portfolio transactions for the Fund may be paid by the Management Company and/or the Investment Managers, as consideration for research related services provided to them as well as for services rendered in the execution of orders. The receipt of investment research and information and related services allows the Management Company and/or the Investment Managers to supplement their own research and analysis and makes available to them the views and information of individuals and research staffs of other firms.

The Management Company and/or the Investment Managers may pay, or be responsible for the payment of, soft commissions only insofar as:

- (1) the Management Company and/or the Investment Managers and/or the Sub-Investment Managers (if any) and/or their connected persons act at all times in the best interest of the Fund and Shareholders when entering into soft commission arrangements;
- (2) the goods and services relate directly to the activities of the Management Company and/or the Investment Managers and/or the Sub-Investment Managers (if any) and/or their connected persons and such activities are of demonstrable benefits to the Shareholders;
- (3) transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates;
- (4) any such soft commissions are paid by the Management Company and/or the Investment Managers and/or the Sub-Investment Managers (if any) and/or their connected persons to broker-dealers which are corporate entities and not individuals; and
- (5) the availability of soft commission arrangements is not the sole or primary purpose to perform or arrange transaction with such broker or dealer.

Goods and services described above may include, but are not limited to: research and advisory services, economic and political analysis, portfolio analysis, including valuation and performance measurement, market analysis, data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment-related publications.

Such soft commissions do not include costs relating to travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payment, which are to be paid by the Management Company and/or the Investment Managers.

Periodic disclosure in the form of a statement describing such soft commissions will be made in the Fund's annual report.

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

The Depositary is part of an international group of companies and businesses that, in the ordinary course of their business, act simultaneously for a large number of clients, as well as for their own account, which may result in actual or potential conflicts. Conflicts of interest arise where the Depositary or its affiliates engage in activities under the depositary agreement or under separate contractual or other arrangements. Such activities may include:

- 1) providing nominee, administration, registrar and transfer agency, research, agent securities lending, investment management, financial advice and/or other advisory services to the Fund;
- 2) engaging in banking, sales and trading transactions including foreign exchange, derivative, principal lending, broking, market making or other financial transactions with the Fund either as principal and in the interests of itself, or for other clients.

In connection with the above activities the Depositary or its affiliates:

- 1) will seek to profit from such activities and are entitled to receive and retain any profits or compensation in any form and are not bound to disclose to, the Fund, the nature or amount of any such profits or compensation including any fee, charge, commission, revenue share, spread, mark-up, mark-down, interest, rebate, discount, or other benefit received in connection with any such activities;
- 2) may buy, sell, issue, deal with or hold, securities or other financial products or instruments as principal acting in its own interests, the interests of its affiliates or for its other clients;
- 3) may trade in the same or opposite direction to the transactions undertaken, including based upon information in its possession that is not available to the Fund;
- 4) may provide the same or similar services to other clients including competitors of the Fund;
- 5) may be granted creditors' rights by the Fund which it may exercise.

The Fund may use an affiliate of the Depositary to execute foreign exchange, spot or swap transactions for the account. In such instances the affiliate shall be acting in a principal capacity and not as a broker, agent or fiduciary

of the Fund. The affiliate will seek to profit from these transactions and is entitled to retain and not disclose any profit to the Fund. The affiliate shall enter into such transactions on the terms and conditions agreed with the Fund.

Where cash belonging to the Fund is deposited with an affiliate being a bank, a potential conflict arises in relation to the interest (if any) which the affiliate may pay or charge to such account and the fees or other benefits which it may derive from holding such cash as banker and not as trustee.

The Investment Manager, Investment Advisor or Management Company may also be a client or counterparty of the Depository or its affiliates.

Potential conflicts that may arise in the Depository's use of sub-custodians include four broad categories:

- 1) conflicts from the sub-custodian selection and asset allocation among multiple sub-custodians influenced by (a) cost factors, including lowest fees charged, fee rebates or similar incentives and (b) broad two-way commercial relationships in which the Depository may act based on the economic value of the broader relationship, in addition to objective evaluation criteria;
- 2) sub-custodians, both affiliated and non-affiliated, act for other clients and in their own proprietary interest, which might conflict with clients' interests;
- 3) sub-custodians, both affiliated and non-affiliated, have only indirect relationships with clients and look to the Depository as its counterparty, which might create incentive for the Depository to act in its self-interest, or other clients' interests to the detriment of clients; and
- 4) sub-custodians may have market-based creditors' rights against client assets that they have an interest in enforcing if not paid for securities transactions.

In carrying out its duties the Depository shall act honestly, fairly, professionally, independently and solely in the interests of the Fund and its Shareholder.

The depository has functionally and hierarchically separated the performance of its depository tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the depository issues to be properly identified, managed and monitored.

Additionally, in the context of the Depository's use of sub-custodians, the Depository imposes contractual restrictions to address some of the potential conflicts and maintains due diligence and oversight of sub-custodians to ensure a high level of client service by those agents. The Depository further provides frequent reporting on clients' activity and holdings, with the underlying functions subject to

## **15. Reports**

The financial year end for the Fund is 30 September. The Fund will issue an audited annual report (which contains the annual accounts) within four months after the end of the financial year and an un-audited semi-annual report (which contains the semi-annual accounts) within two months after the end of the period to which it refers. The Fund's annual/semi-annual report is available for download at <https://sg.allianzgi.com/en/retail>.

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 Fund's Prospectus is available for download at <https://sg.allianzgi.com/en/retail>

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

There will be no distribution of income or capital for the Fund.

**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.

Please refer to Section "Investment Restrictions " of the Fund's Luxembourg Prospectus for details on the investment restrictions.