

### 1. Description of the ILP Sub-Fund

Schroder Asian Growth Fund (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 Schroder Asian Growth Fund (the "**Trust**"), a stand-alone unit trust constituted in Singapore.

ILP Sub-Fund	Currency	Share Class	Investment Risk Rating
Schroder Asian Growth Fund	SGD	Schroder Asian Growth Fund – A Dis SGD	4
Schroder Asian Growth Fund	USD	Schroder Asian Growth Fund – A Dis USD	4

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 manager of the Trust is Schroder Investment Management (Singapore) Ltd (the "**Manager**"). The Managers were incorporated in Singapore and have been managing collective investment schemes and discretionary funds since 1992.

The Managers are part of the Schroder group ("Schroders"). The Managers are licensed and regulated by the Authority. Schroders has been managing collective investment schemes and discretionary funds in Singapore since the 1970s. Schroders is a leading global asset management company, whose history dates back over 200 years. The group's holding company, Schroders Plc is and has been listed on the London Stock Exchange since 1959.

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 Trustee/Custodian of the Fund

The trustee of the Trust in Singapore is HSBC Institutional Trust Services (Singapore) Limited (the "**Trustee**"). The Trustee is regulated in Singapore by the Monetary Authority of Singapore.

The Hongkong and Shanghai Banking Corporation Limited (the "**Custodian**"), whose registered address is at 1 Queen's Road Central, Hong Kong, has been appointed as the global custodian to provide custodial services to the Trust globally. The Custodian is regulated by the Hong Kong Monetary Authority and authorised as a registered institution by the Securities and Futures Commission of Hong Kong.

### 4. The Auditor

The auditor of the Trust is PricewaterhouseCoopers LLP, whose office is at 7 Straits View, Marina One East Tower, Level 12, Singapore 018936.

### 5. Investment Objectives, Focus and Approach

#### 5.1 Investment Objectives

The Trust aims to achieve long term capital growth primarily (i.e. approximately two-third of its assets) through investing in securities of companies quoted on some or all of the stock markets in countries in Asia (including Australia and New Zealand but excluding Japan). The portfolio of the Trust will be broadly diversified with no specific industry or sectoral emphasis.

## 5.2 Investment Focus and Approach

### Investment style / Benchmark

The Trust is actively managed with reference to the benchmark, MSCI All Country Asia ex Japan Index (Net Dividend Reinvested). In doing so, the Trust aims to achieve a net of fee return that exceeds that of the benchmark over the medium to long term. The benchmark has been selected because it is representative of the type of investments in which the Trust is likely to invest and it is, therefore, an appropriate benchmark in relation to the return that the Trust aims to provide.

### Degree of Active Management

The Trust's investment universe is expected to overlap to a limited extent with the components of the benchmark. The Manager invests on a discretionary basis and Trust is not limited to investing in accordance with the composition of the benchmark. The Manager will invest in companies or sectors not included in the benchmark in order to take advantage of specific investment opportunities.

The investment philosophy of the Managers is founded on the belief that returns over the long term are determined by economic and corporate fundamentals and that the analysis of those factors should be the foundation of the Managers' investment strategy. Given that equity markets are not efficient in Asia and that many of the best investment ideas are not well researched, the Managers believe their style of active management with emphasis on bottom-up stock analysis will add value.

The Managers' approach is to capitalize on Schrodgers' strong in-house research capability and exploit market inefficiencies.

Over the longer term, the Managers believe that share prices should reflect the ability of companies to create value for shareholders. As such, the distinctive focus of their research is to identify companies that have robust business models, good corporate governance and strong management teams to drive shareholder returns. These are companies that exhibit the following:

- Ability to generate sustainable returns on capital greater than cost of capital.
- Ability to grow and reinvest cash productively.
- Willingness to return free cash flow to minority investors.

At the industry level, the Managers seek to predict potential industry developments, focusing on competition, supplier power, barriers to entry, buyer power and threat of substitution amongst other things. As part of their analysis, they form a picture of how different companies may find their place within the longer-term structure of each industry. In this regard, Schrodgers' global resources are a critical asset in a world where markets are becoming increasingly globalized.

At the company level, the Managers seek to discern whether a firm has the tangible and intangible resources to support its positioning within its industry. A company's stated strategy and its management's execution track record are key inputs in the analysis. They also emphasize profitability by focusing on a company's ability to generate revenue growth and defend profit margins. A company's ability to generate sustainable free cash flows either to fund business growth or to return to shareholders is also paramount.

You should consult your financial advisers if in doubt as to whether the Trust is suitable for you.

## 5.3 Investor Profile

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

- Seek long-term capital growth; and

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- Understand the risks associated with investing in Asian equities.

## **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**

Investments in the Trust are subject to different degrees of economic, political, foreign exchange, interest rate, liquidity, default, regulatory and possible repatriation risks depending on the countries that the Trust invests into.

You should be aware that the price of Units and the income from them may go down as well as up because the performance of the Trust may be affected by changes in the market value of securities comprised in the portfolio, which are subject to changes in interest rates, foreign exchange, economic and political conditions and the performance of the corporations whose securities are comprised in the portfolio of the Trust.

While the Managers believe that the Trust offers potential for capital appreciation, there is no assurance that this objective will be achieved. Past performance is not necessarily a guide to the future performance of the Trust. You may not get back your original investment.

Investments in the Trust are meant to produce returns over the long term and are not suitable for short-term speculation. You should not expect to obtain short-term gains from such investment.

### **7.2 Specific Risks**

#### **7.2.1 Market Risk**

The Trust is exposed to the market risk in Asian markets. The value of investments may go up and down due to changing economic, political or market conditions, or due to an issuer's individual situation.

In addition, there are risks involved when investing in Asian markets (including the China market), of a nature not generally encountered when investing in securities traded on major international markets. For example:

- (i) government approval may be required to remove capital or profits from the country (or there may be other restrictions causing illiquidity) which may cause delays in or restrictions on removing monies and may impact on the amount of cash available to meet realisations for Units in the Trust or the ability of the Managers to manage its exposure to that market;
- (ii) managing currency risks in the developing market may be more difficult due to the illiquidity of the local currency market or certain regulatory restrictions;
- (iii) the developing market may experience periodic social and political unrest which can disrupt financial markets;
- (iv) where the developing market relies on foreign capital inflows to fund development, withdrawal of foreign capital during periods of uncertainty can cause financial market weakness; and
- (v) reporting standards applicable in the developing market may be less demanding, which may result in less complete information available when making investments.

#### **7.2.2 Equity Risk**

The Trust may invest in stocks and other equity securities and their derivatives which are subject to market risks that historically have resulted in greater price volatility than that experienced by bonds and other fixed income securities.

#### **7.2.3 Foreign Securities Risk**

Investments in securities throughout the world are subject to numerous risks resulting from market and currency fluctuations, future adverse political and economic developments, the possible imposition of restrictions on the repatriation of currency or other governmental laws or restrictions, reduced availability of public information concerning issuers and the lack of uniform accounting, auditing and financial reporting standards or of other

regulatory practices and requirements comparable to those applicable to companies in your domicile. In addition, securities of companies or governments of some countries may be illiquid and their prices volatile and, with respect to certain countries, the possibility exists of expropriation, nationalisation, exchange control restrictions, confiscatory taxation and limitations on the use or removal of funds or other assets, including withholding of dividends. Some of the Trust's securities may be subject to government taxes that could reduce the yield on such securities, and fluctuation in foreign currency exchange rates may affect the value of securities and the appreciation or depreciation of investments. Certain types of investments may result in currency conversion expenses and higher custodial expenses.

#### **7.2.4 Currency Risk**

The assets and liabilities of the Trust may be denominated in currencies other than the Singapore dollar or the United States dollar and the Trust may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between the Singapore dollar or the United States dollar and such other currencies. If the currency in which a security is denominated appreciates against the relevant currency of a Class, the value of the security would increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security. The Managers may at their discretion manage the currency risks for the Classes of Units by hedging through forward currency contracts, currency futures, currency swap agreements or currency options. The currency derivative instruments which may be employed are subject to the risk of default by the counterparty. If the counterparty defaults, the unrealised gain on the transaction as well as some of the desired market exposure may be lost. The Trust may be exposed to different currencies and changes in the exchange rates of these currencies could result in losses for the Trust. You should note that there is no assurance that the currency risk of the Trust will be fully hedged.

#### **7.2.5 Risks relating to Hedging**

There is no guarantee that the desired hedging instruments will be available or hedging techniques will be effective. The Trust may suffer significant losses in adverse situations.

#### **7.2.6 Derivatives Risks**

The Trust may use or invest in financial derivatives for the purposes of hedging and/or efficient portfolio management. Where such financial derivatives are financial derivatives on commodities, such transactions shall be settled in cash at all times. The Trust's use of futures, options, warrants, forwards, swaps or swap options involves increased risk. If the Trust invests in such instruments, the Trust's ability to use such instruments successfully depends on the Managers' ability to accurately predict movements in stock prices, interest rates, currency exchange rates or other economic factors and the availability of liquid markets. If the Managers' predictions are wrong, or if the derivatives do not work as anticipated, the Trust could suffer greater losses than if the Trust had not used the derivatives. If the Trust invests in over-the-counter derivatives, there is increased risk that a counterparty may fail to honour its contract. The Trust will not use derivatives transactions for speculation or leverage. If the Managers use such instruments, it will ensure that the risk management and compliance procedures and controls adopted are adequate and have been or will be implemented and that it has the requisite expertise and experience to manage and contain such investment risks. The global exposure of the Trust to financial derivative instruments or embedded financial derivative instruments will not exceed 100% of the net asset value of the Trust at all times. Such exposure will be calculated using the commitment approach as described in, and in accordance with the provisions of, the Code. Investments in derivatives would normally be monitored and controlled by the Managers with regular mark-to-market valuations, careful research prior to investment and compliance monitoring to ensure careful compliance with the investment restrictions set out in the Deed with regard to derivatives.

Schroders, being the group of companies to which the Managers belong, has established a Group Derivatives Committee (the "Committee") which reviews and monitors the adequacy and effectiveness of the processes managing operational risks faced by Schroders from the use of derivatives, and will escalate significant issues relating to derivatives to key stakeholders.

The Committee reviews and approves funds using derivatives and new derivative instruments to ensure that the key operational risks have been identified and mitigated before the launch of the fund or execution of the instrument, and is responsible for the policy on new instruments. After approval by the Committee, new derivative instruments

are recorded in a derivative-instruments register. This process is designed to ensure that new derivative instruments are assessed prior to investment by the funds to ensure that the Managers have the appropriate processes and controls in place to mitigate operational, investment and credit risks.

The Managers' fund managers have primary responsibility for ensuring that derivative transactions are consistent with the investment objective of a fund. Derivative positions are monitored to ensure that derivative usage is consistent with the fund's investment objectives and in line with the way a fund is offered. Funds are categorised by their performance/risk profiles and risk-related parameters are set for each fund category. The risk-related parameters are monitored by an independent investment risk team, and exceptions are investigated and resolved.

The Managers' fund managers are required to liaise with the risk team or portfolio compliance team to agree on how the derivative investments should be monitored and to clarify any uncertainty in relation to the interpretation of rules or monitoring requirements prior to investing or as soon as the uncertainty arises. The portfolio compliance team is responsible for performing independent compliance monitoring of investment restrictions. The compliance team ensures that the fund managers are made aware of changes to regulations, including those in relation to derivatives usage. The Managers have a system in place to monitor investment restrictions. Where the system does not have the capability to monitor a particular instrument or restriction, the monitoring process is supplemented either by in-house or external systems and/or manual processes.

#### **7.2.7 Risks Specific to China**

The Trust may invest less than 30% of its assets in China A-shares listed within mainland China, through the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect and/or other means as may be permitted by the relevant regulations from time to time.

Any significant change in mainland China's political, social or economic policies may have a negative impact on investments in the China market. The regulatory and legal framework for capital markets in mainland China may not be as well developed as those of developed countries. Chinese accounting standards and practices may deviate significantly from international accounting standards. The settlement and clearing systems of the Chinese securities markets may not be well tested and may be subject to increased risks of error or inefficiency. You should also be aware that changes in mainland China's taxation legislation could affect the amount of income which may be derived, and the amount of capital returned, from the Trust. Changes in China's political, legal, economic or tax policies could cause losses or higher costs for the Trust.

#### **7.2.8 Risks associated with investing through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect**

The Trust may invest in China A-Shares of mainland China through the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect (as further described in section (A) of the Annex to Trust's Prospectus). In addition to the risk factors headed "Market Risk" and "Currency Risk" in above, it is also subject to the additional risks set out in the Annex to the Trust's Prospectus.

#### **7.2.9 Renminbi ("RMB") Currency Risks**

In respect of the Trust's investment in China A-Shares of mainland China through the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect and/or other means as may be permitted by the relevant regulations from time to time, you should note that RMB is currently not freely convertible and RMB convertibility from offshore RMB (CNH) to onshore RMB (CNY) is a managed currency process subject to foreign exchange control policies of and restrictions imposed by the Chinese government. The value of CNH could differ, perhaps significantly, from that of CNY due to a number of factors including without limitation those foreign exchange control policies and repatriation restrictions.

While RMB (CNH) and RMB (CNY) represent the same currency, they are traded in different and separate markets which operate independently. As such, RMB (CNH) does not necessarily have the same exchange rate and may not move in the same direction as RMB (CNY).

#### **7.2.10 Risks relating to China A-shares and China B-shares**

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In addition to China A-shares, the Trust may also invest in China B-shares listed within mainland China. The mainland China markets on which China A-shares and China B-shares are traded have in the past experienced significant price volatility and there can be no assurance that such volatility will not occur in the future. These markets may be more volatile and unstable (for example, due to the risk of suspension of a particular stock or government intervention) than markets in more developed countries. Market volatility and potential lack of liquidity (for example, low liquidity in respect of China B-shares due to low trading volume) may result in prices of securities traded on the mainland China markets to fluctuate significantly. As a result, the net asset value of the Trust may be adversely affected.

**The above is not an exhaustive list of risks which you as the potential investor should consider before investing in the Trust.**

### 8. Fees and Charges

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

<b>Management Fee</b>	Currently 1% per annum on the first S\$10,000,000 of the Trust's assets attributable to the relevant Class; 1.125% per annum on amounts exceeding the first S\$10,000,000 (maximum 1.125% per annum)
<b>Trustee's remuneration</b>	– Currently not more than 0.05% p.a. (currently not subject to any minimum amount) – Maximum 0.25% p.a.

#### 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

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## Schroder Asian Growth Fund Fund Summary

Period	Schroder Asian Growth Fund – A Acc SGD (%)	Schroder Asian Growth Fund – A Acc USD (%)	Benchmark (%)
Year-to-Date	6.6	4.8	6.4
1-year	39.5	44.8	39.6
3-year	12.1	12.7	12.2
5-year	17.3	17.3	14.5
10-year	11.4	10.4	7.2
Since Inception*	9.6	6.9	10.1

\*Share Class A Dis SGD inception date: 8 May 1991; Share Class A Dis USD inception date: 30 April 2004.

Benchmark: MSCI AC Asia Ex Japan NR (USD)

Source: Schroder Investment Management (Singapore) Ltd

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
Schroder Asian Growth Fund – A Dis SGD	1.33%	From 1 January 2020 to 31 December 2020
Schroder Asian Growth Fund – A Dis USD	1.33%	

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
Schroder Asian Growth Fund – A Dis SGD	18.41%	From 1 January 2020 to 31 December 2020
Schroder Asian Growth Fund – A Dis 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.

In their management of the Trust, the Managers currently do not receive or enter into any soft-dollar commissions or arrangements.

### 14. Conflicts of Interest

The Managers will conduct all transactions with or for the Trust at arm's length. The Managers may from time to time have to deal with competing or conflicting interests between the other unit trusts which are managed by the Managers and the Trust. For example, the Managers may make a purchase or sale decision on behalf of some or all of their other unit trusts without making the same decision on behalf of the Trust, as a decision whether or not to make the same investment or sale for the Trust depends on factors such as the cash availability and portfolio balance of the Trust. However, the Managers will use reasonable endeavours at all times to act fairly and in the interests of the Trust. In particular, after taking into account the availability of cash and the relevant investment guidelines of the other unit trusts managed by the Managers and the Trust, the Managers will endeavour to ensure that securities bought and sold will be allocated proportionately as far as possible among the Trust and the other unit trusts managed by the Managers.

The factors which the Managers will take into account when determining if there are any conflicts of interest as described in the paragraph above include the assets (including cash) of the Trust as well as the assets of the other unit trusts managed by the Managers. To the extent that another unit trust managed by the Managers intends to purchase substantially similar assets, the Managers will ensure that the assets are allocated fairly and proportionately and that the interests of all investors are treated equally between the Trust and the other unit trusts.

Associates of the Trustee may be engaged to provide financial, banking or brokerage services to the Trust or buy, hold and deal in any investments, enter into contracts or other arrangements with the Trustee and make profits from these activities. Such services to the Trust, where provided, and such activities with the Trustee, where entered into, will be on an arm's length basis.

## **15. Reports**

The financial year-end of the Trust is the 31 December. An annual report is issued within 3 months of the end of each Financial Year. A semi-annual report is issued within 2 months after the end of each financial half-year end.

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. You can download the Fund's annual/semi-annual report from website: <https://www.schroders.com/en/sg/private-investor/>

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

The Trust does not intend to declare and pay dividends.

### **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. You may refer to the section "OTHER MATERIAL INFORMATION" on the Trust's Prospectus.