

This Product Highlights Sheet is an important document.

- It highlights the key terms and risks of the ILP sub-fund and complements the Product Summary. It is important to read the Product Summary before deciding whether to purchase the ILP sub-fund.
- If you do not have a copy, please contact us to ask for one.
- You should not invest in the ILP sub-fund if you do not understand it or are not comfortable with the accompanying risks.

R204 FPIL HSBC Hong Kong Equity (invests in HSBC Global Investment Funds - Hong Kong Equity PD USD)

| | | | |
|---|--|--|------------------------|
| Product Type (Specified Investment Product) | ILP Sub-Fund ¹ | Launch Date | 12 April 2017 |
| Manager | HSBC Investment Funds (Luxembourg) S.A. | Custodian | HSBC Plc |
| Capital Guaranteed | No | Dealing Frequency | Every UK Business Day |
| Name of Guarantor | N/A | Expense Ratio for the underlying fund | 1.35% (as at 28/01/21) |

SUB-FUND SUITABILITY

WHO IS THE SUB-FUND SUITABLE FOR?

The ILP Sub-Fund is only suitable for investors with a medium to long term investment horizon. It is intended for investors aiming for an investment where a high proportion of the assets may be invested in equity, equity-related securities or in bonds rated below Investment Grade in markets which may be subject to moderately high volatility. Please note the ILP Sub-Fund does not distribute income and where applicable will re-invest any income received from the underlying fund.

It is important to remember that, as with most investments, the value of your investments are not guaranteed and can go down as well as up. Therefore we suggest that you only invest money that can be committed for the medium to long term. You should also bear in mind that securities held within a fund may not be denominated in the currency of that fund, so unit prices may fall purely on account of exchange rate fluctuations.

Please note that Friends Provident International Limited (“FPIL”) investment products are intended for medium to long term investment and are not therefore designed for early surrender. If you do surrender early, a product surrender charge may be applied. Please note that the earlier you terminate your plan, the more you may lose.

Additional Information

-For details of surrender charges please refer to the section on ‘Fees and Charges’ in the relevant Product Summary.
-Please refer to the ‘General Information’ and ‘Sub-Fund Details’ sections of the underlying fund’s Luxembourg Prospectus for further information on the suitability of the Sub-Fund.

KEY FEATURES OF THE SUB-FUND

WHAT ARE YOU INVESTING IN?

You are investing in an ILP Sub-Fund that invests in the HSBC Global Investment Funds – Hong Kong Equity Fund* (“the Fund” or “underlying fund”), apart from a proportionately small amount which may be held as a cash balance to optimise dealing efficiencies in the underlying fund. We endeavour to maintain a cash balance limit of up to 0.75%.

*This is a Sub-Fund of the HSBC Global Investment Funds, an investment company (Société d’Investissement à Capital Variable) incorporated in the Grand Duchy of Luxembourg and qualifying as an Undertaking for Collective Investment in Transferable Securities (UCITS) complying with the provisions of Part I of the 2010 Law. HSBC Global Investment Funds is structured as an umbrella fund offering Shares in the Fund for investment.

-Please refer to the ‘General Information’ and ‘Sub-Fund Details’ sections of the underlying fund’s Prospectus for further information on the features of the Fund.

¹ For ILP sub-fund that feeds 100% into an underlying CIS fund, some information provided below could be similar to the underlying CIS fund. In this instance this ILP sub-fund will be at minimum feed 99.25% into the underlying CIS fund.

| Investment Strategy | |
|--|---|
| <p>-The fund aims to provide long term capital growth by investing in a portfolio of Hong Kong SAR equities.</p> <p>-The fund invests in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of companies which are domiciled in, based in, carry out the larger part of their business activities, or are listed on a Regulated Market, in Hong Kong SAR.</p> <p>-Investments in Chinese equities include, but are not limited to, China A-shares and China B-shares (and such other securities as may be available) listed on stock exchanges in the People's Republic of China ('PRC'). The sub-fund may directly invest in China A-shares through the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect, subject to applicable quota limitations. Furthermore, the sub-fund may gain exposure to China A-shares indirectly through China A-shares Access Products ('CAAP') such as, but not limited to, participation notes linked to China A-shares. The sub-fund may invest up to 20% of its net assets in China A-shares through the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect and up to 10% of its net assets in CAAPs. The sub-fund's maximum exposure to China A-shares (through the Shanghai-Hong Kong Stock Connect, the Shenzhen-Hong Kong Stock Connect or CAAP) and China B-shares is 20% of its net assets. The sub-fund will not invest more than 10% of its net assets in CAAPs issued by any single issuer of CAAPs.</p> <p>-The sub fund normally invests across a range of market capitalisations without any capitalisation restriction. The fund may invest up to 10% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment Funds).</p> <p>-The fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the fund may invest.</p> | <p>-Please refer to the 'Sub-Fund Details' section of the underlying fund's Prospectus for further information on the investment strategy of the Fund.</p> |
| Parties Involved | |
| <p>WHO ARE YOU INVESTING WITH?</p> <p>Management Company of the underlying fund: HSBC Investment Funds (Luxembourg) S.A.</p> <p>Investment Adviser of the underlying fund: HSBC Global Asset Management (Hong Kong) Limited (Internal delegation)</p> <p>Depository Bank of the underlying fund: HSBC France, Luxembourg Branch</p> | <p>-Please refer to the 'Company Details' section of the underlying fund's Prospectus for further information on the roles and responsibilities of these entities and what happens if they become insolvent.</p> |
| KEY RISKS | |
| <p>WHAT ARE THE KEY RISKS OF THIS INVESTMENT?</p> <p>-The value of an investment is not guaranteed and can go up and down depending on performance. You could get back less than you have paid in. At times, the ILP Sub-Fund may, subject to the Appointed Actuary's agreement and provisions allowed for in the Policy Conditions, need to change the way its price is calculated, to ensure that those moving into and out of the ILP Sub-Fund are treated fairly. This can have a negative effect on the ILP Sub-Fund's price and performance.</p> <p>-Fund managers have the ability, in exceptional circumstances, to suspend trading in their funds for as long as necessary. When this occurs we will need to delay the 'cashing in' or switching of units in the relevant fund. You may not be able to access your money during this period.</p> <p>These risk factors may cause you to lose some or all of your investment:</p> | <p><u>Additional Information</u></p> <p>-Please refer to the 'Valuations and Pricing' section of your Policy Conditions for further information.</p> <p>-Please refer to the 'General Risk Considerations' and 'Sub-Fund Specific Risk Considerations' sections of the underlying fund's Luxembourg Prospectus for further information on the risks of the Fund.</p> |

-Please refer to the 'Risks' section of the relevant Product Summary for further information.

Market and Credit Risks

You are exposed to Equity Risk

-The Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

You are exposed to Concentration Risk

-The fund's investments are concentrated in Hong Kong. The value of the Fund may be more volatile than that of a fund having more diverse portfolio of investments.

-The value of the Fund may be more susceptible to adverse economic, political, foreign exchange, liquidity, tax, legal or regulatory event affecting the Hong Kong market.

You are exposed to risk associated with small-capitalization/ mid-capitalization companies

-The shares of small-capitalisation/ mid-capitalisation companies may have lower liquidity and their prices are generally more volatile, especially during adverse economic developments, than those of larger capitalisation companies in general.

You are exposed to currency hedging and the currency hedge share class

-The Fund is permitted to use hedging techniques to attempt to offset market and currency risks, including hedging the currencies in which the underlying assets of the Fund are denominated against the Fund's base currency or the currency of the assets that the Fund primarily invested in. The costs of hedging transactions which are conducted at the Fund level and hedging at the Fund level will preclude shareholders from benefitting from appreciation of the non-USD currencies (in which the underlying investments of the Fund may be denominated) against the base currency of the Fund. In respect of currency hedged share classes, it aims to hedge the currency risk between the base currency and the class currency of the currency hedged share class. There is no guarantee that the desired hedging instruments will be available or hedging techniques will achieve their desired result. There can be no assurance that any currency hedging strategy will fully and effectively eliminate the currency exposure of the Fund.

Liquidity Risks

You are exposed to Liquidity Risks

-There may be occasions when the manager is unable to sell some or all of the shares within the Fund, which could delay payment or redemption of proceeds.

Product-Specific Risks

You are exposed to Derivatives Risks

-Risks associated with financial derivative instruments include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the counter transaction risk. The leverage element/component of a financial derivative instrument can result in a loss significantly greater than the amount invested in the financial derivative instrument by the Fund. Exposure to financial derivatives instruments may lead to a high risk of significant loss by the Fund.

You are exposed to Emerging Markets Risk

-Investing in emerging markets such as the PRC subjects the Fund to a higher level of market risk than investments in a developed country. This is due to greater market volatility, lower trading volume, political and economic instability, settlement risk, greater risk of market shut down and more governmental limitations on foreign investment than those typically found in developed markets.

You are exposed to Chinese Markets Risk

-Investments in China will be sensitive to any significant change in political, social or economic policy in China. Such sensitivity may adversely affect the capital growth and thus the performance of these investments. The Chinese government's control of currency conversion and future movements in exchange rates may adversely affect the operations and financial results of the companies invested in by the Fund, and the abilities of such companies to make payment of dividends declared in respect of the shares in the China companies.

-Both the Shanghai and Shenzhen securities markets are in the process of development and change. This may lead to trading volatility, difficulty in the settlement and recording of transactions and difficulty in interpreting and applying the relevant regulations.

FEES AND CHARGES

WHAT ARE THE FEES AND CHARGES OF THIS INVESTMENT?

Charges are deducted by both FPIL and the underlying investment managers at each valuation point before calculating the unit price, as set out below.

FPIL charges (payable directly by you)

- You will need to pay an ILP Sub-Fund administration charge of 1.2%.
- There is currently no charge for switching funds although switching to a fund which differs from your plan currency may involve a cost associated with currency exchange. However, we reserve the right to charge for switches under certain conditions.
- Any sales and/or redemption charges will be determined by the terms of your Policy Conditions.

Underlying investment managers' charges (these charges are as at 28/01/21 and are payable by the ILP Sub-Fund from invested proceeds)

| | |
|--------------------------------|-------|
| Annual Management Charge (AMC) | 1.00% |
| Additional Expenses | 0.35% |
| Expense Ratio* | 1.35% |
| Performance Fee | Nil |

*Please note that with effect from 24 March 2014, the Total Expense Ratio (TER) has been replaced by the Ongoing Charges Figure ("OCF"), which is quoted above as Expense Ratio.

-For full details of the charges that may apply please refer to the section on 'Fees and Charges' in the relevant Product Summary.
-Please refer to the 'Charges' section of your Policy Conditions for further information.

VALUATIONS AND EXITING FROM THIS INVESTMENT

HOW OFTEN ARE VALUATIONS AVAILABLE?

Every UK Business Day
Latest fund prices can be obtained from <http://www.fpinternational.sg/fund-centre/>

HOW CAN YOU EXIT FROM THIS INVESTMENT AND WHAT ARE THE RISKS AND COSTS IN DOING SO?

-There is a Cooling off period of 14 days from when you receive your Policy Documents. If you decide to exit the policy during this time you should complete the cancellation form and send this back to the address provided, together with the original Policy Documents. We will refund any monies paid, less any shortfall (if any) which may result if the value of your investment falls by the time you tell us of your wish to cancel. If you elect to exit your policy after the Cooling off period has expired, penalties may be applied.

-If you no longer wish to invest in this FPIL ILP Sub-fund you have selected, you may switch all or part of your holdings into alternative fund(s) by sending us a completed Fund Transfer Request form, signed. Switching from one fund to another is done on a bid to bid basis, without charge (although we do reserve the right to charge). If you are switching between currencies, the relevant exchange rates will be applied and shown on your switch confirmation.

-The sale proceeds that you will receive will be the realisation price multiplied by the number of units sold, less any charges. An example (assuming a redemption charge of 4%) is as follows*:

| | | | |
|-----------------------------------|-----------------------------|---|-----------------------------------|
| <u>Realisation price</u> | <u>Number of units sold</u> | = | <u>Gross Realisation Proceeds</u> |
| S\$0.93 | X 100,000 | | S\$93,000 |
| <u>Gross Realisation Proceeds</u> | <u>Realisation Fee</u> | = | <u>Net Realisation Proceeds</u> |
| S\$93,000 | - S\$3,720 | | S\$89,280 |

Additional Information

-Please refer to the 'Valuations and Pricing' section of your Policy Conditions for further information.

*For full details of the charges that may apply please refer to the section on 'Fees and Charges' in the relevant Product Summary.

CONTACT INFORMATION

HOW DO YOU CONTACT US?

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APPENDIX : GLOSSARY OF TERMS

Derivatives

Also known as Financial Derivative Instruments (FDI). Financial contracts whose value is tied to an underlying asset. Derivatives include futures and options.

Equities

Ownership positions in companies that can be traded in public markets. Often produce current income which may be paid in the form of dividends. In the event of the company going bankrupt equity holders' claims are subordinate to the claims of preferred stockholders and bondholders.

Expense Ratio

The Expense ratio provides customers with an indication of the overall costs of investing in a particular fund.

The expense ratio as calculated in accordance with the Investment Management Association of Singapore's guidelines on the disclosure of expense ratios. Different methods of calculation of Expense Ratio can be used, including Total Expense Ratio (TER) and Ongoing Charges Figure (OCF) but these are broadly the same.

Forward Exchange Contract

A special type of foreign currency transaction. Forward contracts are agreements between two parties to exchange two designated currencies at a specific time in the future. These contracts always take place on a date after the date that the spot contract settles, and are used to protect the buyer from fluctuations in currency prices.

Future

A financial contract obligating the buyer to purchase an asset (or the seller to sell an asset), such as a physical commodity or a financial instrument, at a predetermined future date and price.

Hedge / Hedging

Any transaction with the objective of limiting exposure to risk such as changes in exchange rates or prices.

Hong Kong SAR

Hong Kong Special Administrative Region.

Net Asset Value (NAV)

Net Asset Value is the value of the net assets of the Fund after deduction of all expenses.

Option

A privilege sold by one party to another that offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security at an agreed-upon price during a certain period of time or on a specific date.

Ongoing Charges Figure (OCF)

A type of expense ratio. The ongoing charges figure is based on expenses for the previous year and is a ratio of the total ongoing charges to the fund's average net asset value over its last reporting period. This figure may vary from year to year. The charges you pay are used to pay the costs of the underlying ILP sub-fund, including the costs of marketing and distributing it. These charges reduce the potential growth of your investment.

For more information about charges, please consult the Prospectus for the underlying fund of the ILP sub-fund invested in, available from <http://www.fpinternational.sg/fund-centre/product-highlight-sheets.jsp>.

Details of the calculation methodology can be found in full at http://www.esma.europa.eu/system/files/10_674.pdf.

Societe d'Investissement a Capital Variable (SICAV)

A Luxembourg incorporated company that is responsible for the management of a mutual fund and manages a portfolio of securities.

Specified Investment Product (SIP)

SIP is a class of investment products defined by the Monetary Authority of Singapore (MAS). Generally, (although not in all instances), financial advisers have to carry out more due diligence, including customer knowledge assessment, when advising about a SIP.

UCITS
Undertaking for Collective Investment in Transferable Securities. A type of collective investment (or fund) that allows Financial institutions to operate freely throughout the European Union on the basis of a single authorisation from one member state.

Umbrella Fund
An investment company which has a group of sub-funds (pools) each having its own investment portfolio. The purpose of this structure is to provide investment flexibility and widen investor choice.

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