

## Important information:

- The Fund is exposed to the risks associated with investment in China as an emerging market. Investing in China may lead to higher volatility, settlement, regulatory, foreign exchange control and political risks, which may adversely affect the value of the Fund.
- The Fund may invest in exchange traded funds (“ETFs”) that adopt a synthetic replication strategy to track the performance of the China A shares market and/or other markets within Greater China. ETFs that adopt a synthetic replication strategy will gain economic exposure to such underlying shares through market access products and therefore are subject to the counterparty and credit risk of the issuers of the market access products.
- There can be no assurance that the Fund will achieve its investment objective. An investment in the Fund involves investment risks, including possible loss of the amount invested. The price of the units may fall as well as rise.
- There is no assurance that the Risk Control Mechanism will be effective to maintain risk at a medium level. With an objective to control the risk level, the Fund would be on average less aggressive in equity investments that may lead to the upside potential of the Fund being lower than that of a traditional equity fund, hence intending to smooth out the performance.
- Unit Trusts are not equivalent to fixed deposits. The investment decision is yours but you should not invest unless the intermediary which sells you the Fund has advised you that the Fund is suitable for you and has explained why, including how investing in the Fund will be consistent with your investment objectives.
- Investors should not invest in the Fund solely based on the information provided in this document and should read the offering document of the Fund for details.

## Objective

The Fund aims to invest in Greater China equities through an Equity Funds Portfolio (including but not limited to equity funds and ETFs) to capture upside potential. To control risk, the manager will actively allocate assets between the Equity Funds Portfolio and Cash Holdings (including cash and cash equivalents) in accordance with the Fund’s Risk-Control Mechanism.

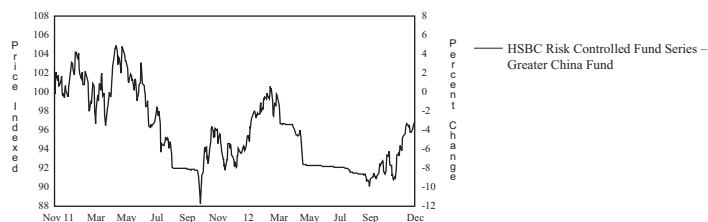
## Manager’s review and comments

### Manager’s comments

- ◆ The Chinese equity market had a strong positive monthly performance in December as the Shanghai Stock Exchange Composite Index went up by 12.8% lifted by encouraging data which seems to signal a recovery. The Hong Kong equity market continued the upward trend as the Hang Seng Index (HSI) gained 2.9% in December. The TAIEX gained 1.57% over the same period.
- ◆ China’s economic data in November indicated continued improvement as the official Purchasing Managers’ Index (PMI) reading pointed toward further manufacturing momentum growth. China’s HSBC Flash China Purchasing Managers’ Index beat consensus, industrial production numbers returned to double digit levels on a year on year basis, retail sales also ticked higher for the month as inflation rose by less than anticipated, which served as a positive for investors. Given its dependence on global trade, Hong Kong saw a steep slowdown in its activity in 2012, with GDP growth almost at a standstill. A recovery is expected in 1H2013.
- ◆ The Chinese government has maintained its guidance of prudent monetary policy and proactive fiscal policy for 2013. The government is also fast tracking investment projects and has introduced measures to raise consumption and support the corporate sector facing challenging demand conditions. We expect earlier policy easing to continue feeding through to support a modest pickup in growth this year. We expect pro-growth policy to continue feeding through to support a stabilization in growth into 2013. This, together with ample liquidity with the continued capital inflow into Hong Kong and attractive valuation, will be the key drivers for the Hong Kong market in the next 12 months. As China becomes more aggressive in its counter cyclical policy, sentiment should improve and lift the Hong Kong market up. We also believe that if and when the Chinese economy shows signs of sequential improvement, domestic Hong Kong stocks might significantly under perform their Chinese counterparts.

*As of 31 December 2012; market review and outlook should not be treated as prediction for future performance.*

## Performance as of 31 December 2012

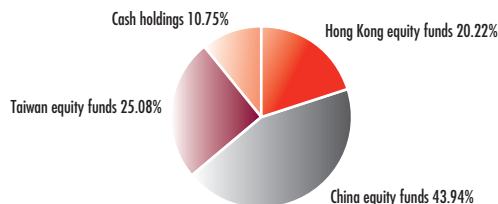


### Cumulative performance in US\$ (%)

	3 mths	YTD	Since inception
Fund	6.60%	3.53%	-3.1%

Source: Bloomberg Data, Bid to Bid price.

## Asset allocation as at 31 December 2012



## Top 5 holdings

Securities	Holdings (%)
3033 HK Equity	24.59
3083 HK Equity	20.11
3000 HK Equity	16.70
3088 HK Equity	16.03
FXI UP Equity	11.82

(Exclude cash and cash equivalents)

Source: market data are sourced from Bloomberg Data. All information are provided by HSBC Structured Funds (Asia) Limited as at 31 December 2012.

## Fund details

Fund size	: US\$14.48 million
Fund prices (bid/offer)	: US\$9.69 / US\$10.20 HK\$96.75 / HK\$101.86
Share class	: Class A and Class B
Launch date	: 29 November 2010
Minimum investment	: US\$1,000 / HK\$10,000
Dealing	: Daily, by 4:00pm (HK Time)
Initial charge	: 5%
Management fee	: 1.5% per annum
Financial year-end	: 31 December
Fund manager	: HSBC Structured Funds (Asia) Limited
Investment adviser	: HSBC Global Asset Management (Hong Kong) Limited

Please refer to the offering document for details of other fees.

Source: market data are sourced from Bloomberg Data. All information are provided by HSBC Structured Funds (Asia) Limited as at 31 December 2012.

Investment involves risk and past performance is not indicative of future performance. Please refer to the offering document for further details including the risk factors. The document has not been reviewed by Securities and Futures Commission. The document is prepared for general information purposes only. All views expressed cannot be construed as an offer or recommendation by HSBC Structured Funds (Asia) Limited. HSBC Structured Funds (Asia) Limited and HSBC Group shall not be held liable for damages arising out of any person's reliance upon this information.

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Investment Manager and Issuer of this document:  
HSBC Structured Funds (Asia) Limited



# PRODUCT KEY FACTS

January 2011

HSBC Risk Controlled Fund Series – Greater China Fund  
a sub-fund of HSBC Global Markets Investment Funds (I)

- ▶ This statement provides you with key information about HSBC Risk Controlled Fund Series - Greater China Fund (the "Fund") as at 31 December 2010.
- ▶ This statement is a part of the Explanatory Memorandum of the Fund.
- ▶ You should not invest in this product based on this statement alone.

## Quick facts

<b>Fund Manager:</b>	HSBC Structured Funds (Asia) Limited
<b>Investment advisor:</b>	HSBC Global Asset Management (Hong Kong) Limited (Internal delegation)
<b>Trustee:</b>	HSBC Trustee (Cayman) Limited
<b>Dealing frequency:</b>	Daily
<b>Base currency:</b>	US Dollars ("USD")
<b>Dividend policy:</b>	The Manager does not intend to declare distributions for the Fund. Income earned will be reinvested into the Fund.
<b>Financial year end of this fund:</b>	31 December
<b>Min. investment:</b>	Class A - USD1,000 initial, USD1,000 additional Class B - HKD10,000 initial, HKD10,000 additional

## What is this product?

HSBC Risk Controlled Fund Series – Greater China Fund is a sub-fund of HSBC Global Markets Investment Funds (I), which is a Cayman Islands domiciled umbrella structure unit trust established by a trust deed dated 4 November 2004. It is governed by the laws of Cayman Islands.

## Objective and Investment Strategy

### Objective

The Fund seeks long-term capital growth, whilst maintaining risk (in terms of volatility) at a medium level (at 15% on an annualized basis). The Fund will allocate its investments between:

- (1) a portfolio of equity funds (including but not limited to equity funds and exchange traded funds ("**ETFs**"), together known as the "**Equity Funds Portfolio**") that invest primarily in Greater China equities, and
- (2) cash and cash equivalents ("**Cash Holdings**").

The Fund may invest up to 30% of its net asset value in ETFs that adopt a synthetic replication strategy to track performance of the China A shares market and/or other markets within Greater China.

## Strategy

The Fund's proportion of investment in the Equity Funds Portfolio and Cash Holdings will be determined in accordance with a risk control mechanism (the "**Risk Control Mechanism**") to limit the risk level of the Fund through adjusting the exposure to the Equity Funds Portfolio based on its observed historical volatility (the "**Portfolio Volatility**"). As the Portfolio Volatility increases, the level of Cash Holdings of the Fund will be increased, and vice versa, in order to manage the Fund's risk level.

It is possible under the Risk Control Mechanism for the Fund to fully invest in the Equity Funds Portfolio or in Cash Holdings.

In addition, the Manager has delegated the investment management function of the Fund at all times to HSBC Global Asset Management (Hong Kong) Limited.

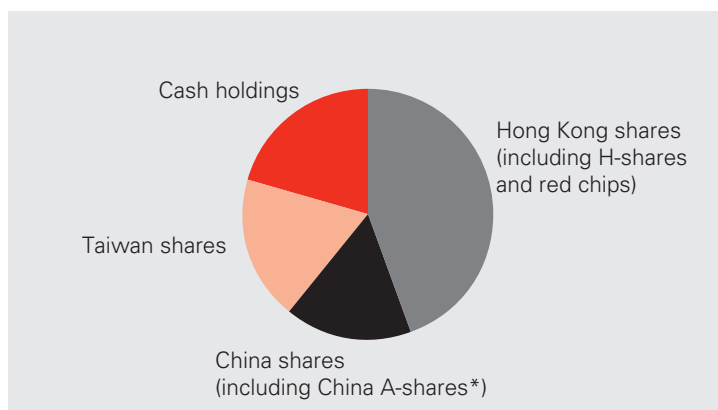
## Investment mix

Please note that allocation of investments may change from time to time according to the Risk Control Mechanism and the active management of the investment advisor. Investors should refer to the Fund's factsheet, published on a monthly basis, for the updated allocation of investments in the Fund's investment portfolio.

### Portfolio allocation as of 31 December 2010

Equity Funds Portfolio:	79.74% of total net asset value of the Fund
- Hong Kong shares (including H-shares and red chips)	44.59%
- China shares (including China A-shares*)	16.44%
- Taiwan shares	18.70%
Cash holdings:	20.26% of total net asset value of the Fund

The allocation chart below is based on the portfolio allocation as of 31 December 2010:



\* As of the date of this statement, the Fund intends to have exposure to China A-shares via synthetic A-shares ETFs. The exposure to synthetic ETFs is limited to 30% of the latest available net asset value of the Fund.

## What are the key risks?

Investment involves risks. Please refer to the Explanatory Memorandum for details including the risk factors.

### 1. Investment risk

- ▶ There can be no assurance that the Fund will achieve its investment objective.
- ▶ An investment in the Fund involves investment risks, including possible loss of the amount invested. The price of the units may fall as well as rise.

### 2. Risks relating to the Risk Control Mechanism

- ▶ The Fund's volatility could go beyond 15% temporarily as a result of a sharp movement in the market.
- ▶ There is no assurance that the Risk Control Mechanism will be effective to maintain risk at a medium level and achieve the investment objective of the Fund.
- ▶ With an objective to control risk level, the Fund would be on average less aggressive in equity investments, which may lead to the upside potential of the Fund being lower than that of a traditional equity fund, hence intending to smooth out the performance.
- ▶ Depending on market conditions, especially when market volatility is high and market is in a downward trend, the Fund may invest fully in Cash Holdings for a considerable period of time and only money market returns would be generated during that period.

### 3. Risk relating to China market

- ▶ The Fund may invest in a portfolio of equity funds that invest in China equities and ETFs that track the performance of the China A shares market. As such, the Fund is exposed to the risks associated with investment in China as an emerging market.
- ▶ Investing in China may lead to higher volatility, settlement, regulatory, foreign exchange control, and political risks, which may adversely affect the value of the Fund.

### 4. Counterparty risk of synthetic ETFs

- ▶ The Fund may invest in ETFs that adopt a synthetic replication strategy to track index performance and may gain economic exposure to underlying shares through market access products.
- ▶ The Fund is therefore subject to the counterparty risk of the issuers of market access products. Any default by a market access product issuer may lead to substantial loss for the relevant ETF, which may in turn affect the net asset value of the Fund.

### 5. Concentration risk

- ▶ The investment of the Fund is concentrated in funds investing in Greater China, and thus may be subject to a greater degree of volatility and of risk than a diversified fund.

## Is there any guarantee?

Like most funds, this Fund does not have any guarantees. You may not get back the full amount of money you invest.

## What are the fees and charges?

### Charges which may be payable by you

You may have to pay the following fees when dealing in the units of the Fund.

Fee	What you pay
<b>Preliminary charge</b>	Up to 5% of the amount you buy.
<b>Redemption charge</b>	Nil
<b>Switching fee*</b>	Not applicable

\*Switching is not permitted for this Fund.

### Ongoing fees payable by the Fund

The following expenses will be paid out of the Fund. They affect you because they reduce the return you get on your investments.

Fee	Annual rate (as a % of the Fund's value)
<b>Management fee</b>	1.5%*
<b>Trustee fee</b>	0.125%*
<b>Administration fee</b>	Nil

\*You should note that some fees may be increased, up to a specified permitted maximum, by giving unitholders 1 month's prior notice (or such other notice period as agreed by the SFC). For details please refer to page 19 of the Explanatory Memorandum.

### Other fees

You may have to pay other fees when dealing in the units of the Fund. The Fund will also bear the costs which are directly attributable to it, as set out in the Explanatory Memorandum.

## Additional Information

- ▶ You generally buy and redeem units at the Fund's issue price and redemption price calculated on the dealing day on which the Trustee or distributor receives your request in good order provided that such request is received on or before 4:00 pm (Hong Kong time) being the dealing cut-off time on each dealing day of the Fund.
- ▶ The net asset value of the Fund is calculated and the price of units will be published on each dealing day.
- ▶ Investors may obtain information on the intermediaries from the Manager:  
HSBC Structured Funds (Asia) Limited  
1 Queen's Road Central  
Hong Kong  
Phone: (852) 3941 0094

## Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.