

# PRULink Fund Information Booklet

June 2023

PRULink Islamic Global Equity Index Fund



## IMPORTANT INFORMATION

**Capitalised terms used below, unless otherwise defined, shall have the same meanings ascribed to them under Glossary of Terms of this Fund Information Booklet.**

This Fund Information Booklet is for information only and is not a contract of assurance. Investors should refer to the Policy Document for specific policy details applicable to their PRULink investment-linked policies. **Investors should note that this Fund Information Booklet must be read together with the accompanying Product Summary and Product Highlights Sheet as one document.**

This Fund Information Booklet is published for informational purposes only, without regard to the specific investment objectives, financial situation and particular needs of any specific person and should not be construed as an advice or recommendation to invest in the Fund. Investors may wish to seek advice from their Prudential Financial Consultants before making a commitment to purchase the product. In the event an investor chooses not to seek advice from a Prudential Financial Consultant, he/she should consider whether the product in question is suitable for him/her. Investors are advised to read the Fund Information Booklet, the accompanying Product Summary and the Product Highlights Sheet, before deciding whether to subscribe for units in this Fund.

Investors should seek professional advice to ascertain (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange transactions or exchange control requirements which they may encounter under the laws of the countries of their citizenship, residence or domicile and which may be relevant to the subscription, holding or disposal of units in the Fund and/or Underlying Fund. Each investor will assume and be solely responsible for any and all tax of any jurisdiction or governmental or regulatory authority, including without limitation any state or local taxes or other like assessment or charges that may be applicable to any payment to him/her in respect of the Fund and/or Underlying Fund. Neither the Fund nor Underlying Fund will pay any additional amounts to investors to reimburse them for any tax, assessment or charge required to be withheld or deducted from any payments made to them.

The Fund and/or Underlying Fund has not been and will not be registered under the United States Investment Company Act of 1940 as amended. The units of the Fund and/or Underlying Fund have not been and will not be registered under the United States Securities Act of 1933 as amended (the “**Securities Act**”) or under the securities laws of any state of the United States of America and such shares may be offered, sold or otherwise transferred only in compliance with the 1933 Act and such state or other securities laws. The units of the Fund and/or Underlying Fund may not be offered or sold within the United States or to or for the account of any US Person as defined in Rule 902 of Regulation S under the Securities Act. Rule 902 of Regulation S under the Securities Act defines US Person to include inter alia any natural person resident of the United States and with regards to Investors other than individuals, (i) a corporation or partnership organised or incorporated under the laws of the US or any state thereof; (ii) a trust: (a) of which any trustee is a US Person except if such trustee is a professional fiduciary and a co-trustee who is not a US Person has sole or shared investment discretion with regard to trust assets and no beneficiary of the trust (and no settlor if the trust is revocable) is a US Person or (b) where court is able to exercise primary jurisdiction over the trust and one or more US fiduciaries have the authority to control all substantial decisions of the trust and (iii) an estate (a) which is subject to US tax on its worldwide income from all sources; or (b) for which any US Person is executor or administrator except if an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with regard to the assets of the estate and the estate is governed by foreign law.

The term “US Person” also means any entity organised principally for passive investment (such as a commodity pool, investment company or other similar entity) that was formed: (a) for the purpose of facilitating investment by a US Person in a commodity pool with respect to which the operator is exempt from certain requirements of Part 4 of the regulations promulgated by the United States Commodity Futures Trading Commission by virtue of its participants being non-US Persons or (b) by US Persons principally for the purpose of investing in securities not registered under the United States Securities Act of 1933, unless it is formed and owned by “accredited investors” (as defined in Rule 501 (a) under the Securities Act of 1933) who are not natural persons, estates or trusts. “United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and any other areas subject to its jurisdiction.

Prudential Singapore is an indirect subsidiary of Prudential plc of the United Kingdom. Prudential Singapore and Prudential plc are not affiliated in any manner with Prudential Financial, Inc., a company whose principal place of business is in the United States of America.

This Fund Information Booklet does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such an offer or solicitation.

Investors should also consider the risks of investing in the Fund which are summarized in Section 4 of this Fund Information Booklet.

This Fund Information Booklet does not represent a contract.

## PRULink Islamic Global Equity Index Fund

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## PRULink Islamic Global Equity Index Fund

The above fund is to be referred to in this Fund Information Booklet as the “Fund”

### 1. The Product Provider

Prudential Assurance Company Singapore (Pte) Limited (“**Prudential Singapore**”) [Company Registration No. 199002477Z], 30 Cecil Street, #30-01, Prudential Tower, Singapore 049712 Tel: 1800-333 0 333 is the product provider in respect of the Funds (“**Product Provider**” includes the correlative meanings “**we**”, “**us**” and “**our**”).

### 2. The Manager, the Management Company and the Investment Adviser

#### 2.1 The Manager

The Manager of PRULink Islamic Global Equity Index Fund is Prudential Assurance Company Singapore (Pte) Limited (the “**Manager**”) whose registered office is 30 Cecil Street, #30-01, Prudential Tower, Singapore 049712. The Manager is regulated by the Monetary Authority of Singapore.

The Manager is one of the top life insurance companies in Singapore, serving the financial and protection needs of the country’s citizens for 90 years. The company has an AA- Financial Strength Rating from leading credit rating agency Standard & Poor’s, with S\$49.4 billion funds under management as at 31 December 2022.

Source: Prudential Assurance Company Singapore (Pte) Limited as at 31 December 2022.

Past performance of the Manager is not necessarily indicative of its future performance.

#### 2.2 The Management Company

The underlying fund of the PRULink Islamic Global Equity Index Fund is HSBC Islamic Global Equity Index Fund (the “**Underlying Fund**”). The Underlying Fund is established as an Underlying Fund of HSBC Islamic Funds (the “**Company**”). The Company is an investment company (“Société d’Investissement à Capital Variable”) incorporated in the Grand Duchy of Luxembourg and qualifies as an Undertaking for Collective Investment in Transferable Securities (UCITS) complying with the provisions of Part I of the 2010 Law.

HSBC Investment Funds (Luxembourg) S.A. (the “**Management Company**”) has been appointed to act as the management company for the Underlying Fund. The Management Company was incorporated on 26 September 1988 as société anonyme under the laws of the Grand Duchy of Luxembourg and its articles of incorporation are deposited with the Luxembourg Registre de Commerce et des Sociétés. The Management Company is approved as a management company regulated by chapter 15 of the 2010 Law.

Source: HSBC Global Asset Management (Singapore) Limited as at 5 April 2023.

#### 2.3 The Investment Adviser

The Management Company has delegated the investment management functions to HSBC Global Asset Management (UK) Limited (the “**Investment Adviser**”). It is authorized and regulated in the United Kingdom by the Financial Conduct Authority with its principal place of business at 8, Canada Square, London E14 5HQ, United Kingdom. The Management Company and Investment Adviser are members of the HSBC Group which serves customers worldwide from around 6,100 offices in 73 countries and territories in Europe, Asia, North and Latin America, the Middle East and North Africa.

Past performance of the Investment Adviser is not necessarily indicative of its future performance.

Source: HSBC Global Asset Management (Singapore) Limited as at 5 April 2023.

### **3. The Auditor**

The auditor of the accounts for the Fund is Ernst & Young LLP whose registered office is at One Raffles Quay North Tower, Level 18 Singapore 048583 (the “**Auditor**”).

### **4. Risks**

The risks set out in this section are in relation to the Fund, the Underlying Fund and the Underlying Fund’s assets. Given that the Fund feeds entirely into the Underlying Fund, it is acknowledged that the risks inherent in the Underlying Fund will also impact the Fund. As such investors should carefully consider the risks set out in this section before investing into the Fund.

There can be no assurance that the Underlying Fund will achieve its investment objective and past performance should not be seen as a guide to future returns. An investment may also be affected by any changes in exchange control regulation, tax laws, withholding taxes and economic or monetary policies.

#### **4.1 General Market Risk**

The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount invested by them in the Company. In particular, the value of investments may be affected by uncertainties such as international, political and economic developments or changes in government policies.

##### **Emerging Markets**

Because of the special risks associated with investing in Emerging Markets, the Underlying Fund can invest in such securities and should be considered speculative. Investors in the Underlying Fund are advised to consider carefully the special risks of investing in emerging market securities. Economies in Emerging Markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries in which they trade.

Brokerage commissions, custodial services and other costs relating to investment in Emerging Markets generally are more expensive than those relating to investment in more developed markets. Lack of adequate custodial systems in some markets may prevent investment in a given country or may require a Underlying Fund to accept greater custodial risks in order to invest, although the Depositary Bank will endeavour to minimise such risks through the appointment of correspondents that are international, reputable and creditworthy financial institutions. In addition, such markets have different settlement and clearance procedures. In certain markets there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. The inability of the Underlying Fund to make intended securities purchases due to settlement problems could cause the Underlying Fund to miss attractive investment opportunities. Inability to dispose of a portfolio security caused by settlement problems could result either in losses to the Underlying Fund due to subsequent declines in value of the portfolio security or, if the Underlying Fund has entered into a contract to sell the security, could result in potential liability to the purchaser.

The risk also exists that an emergency situation may arise in one or more developing markets as a result of which trading of securities may cease or may be substantially curtailed and prices for the Underlying Fund’s securities in such markets may not be readily available.

Investors should note that changes in the political climate in Emerging Markets may result in significant shifts in the attitude to the taxation of foreign investors. Such changes may result in changes to legislation, the interpretation of legislation, or the granting of foreign investors the benefit of tax exemptions or international tax treaties. The effect of such changes can be retrospective and can (if they occur) have an adverse impact on the investment return of shareholders in the Underlying Fund.

### **Foreign Exchange Risk**

The Underlying Fund may use Shariah compliant foreign exchange forwards for hedging purposes. Because the Underlying Fund's assets and liabilities may be denominated in currencies different to the reference currency of the Underlying Fund, the Underlying Fund may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between the reference currency of the Underlying Fund and other currencies. Changes in currency exchange rates may influence the value of the Underlying Fund, the dividends and the gains and losses realised. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation and other economic and political conditions.

If the currency in which a security is denominated appreciates against the reference currency of the Underlying Fund, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

### **Shariah Restrictions**

It is possible that the restrictions placed on investment such as the prohibition on the use of interest bearing investments, the donations to approved charities and the limited universe of stocks available to the Investment Adviser may result in the Underlying Fund performing less well than funds with similar investment objectives which are not subject to Shariah restrictions.

### **Stock Risk**

The Underlying Fund is exposed to equity markets for all or part of their total assets. The value of these assets can therefore rise or fall and investors may not get back all of their original investment.

### **Liquidity Risk**

Liquidity risk exists within most financial products. This means that a delay may occur in receiving sales proceeds, and those proceeds may be less than recent valuations. This risk is greater in exceptional market conditions or when large numbers of investors are trying to sell at the same time. In such circumstances sale proceeds may be delayed and/or take place at lower prices.

### **Risks Associated with Government or Central Banks' Intervention**

Changes in regulation or government policy leading to intervention in the currency and interest rate markets (e.g. restrictions on capital movements or changes to the way in which a national currency is supported such as currency de-pegging) may adversely affect some financial instruments and the performance of the Underlying Fund.

### **Prohibited securities**

In accordance with the Luxembourg law of 4 June 2009 ratifying the Oslo Convention of 3 December 2008 relating to cluster munition and HSBC Group policy, the Company will not invest in the securities of companies that are involved directly and indirectly in the use, development, manufacturing, stockpiling, transfer or trade of cluster munitions and/or anti-personnel mines. As this policy aims to prohibit investment in certain types of securities, investors should be aware that this reduces the investment universe and prevents the Underlying Fund from benefiting from any potential returns from these companies.

### **Taxation**

Investors should note in particular that (i) the proceeds from the sale of securities in some markets or the receipt of any dividends or other income may be or may become subject to tax, levies, duties or other fees or charges imposed by the authorities in that market including taxation levied by withholding at source and/or (ii) the Underlying Fund's investments may be subject to specific taxes or charges imposed by authorities in some markets. Tax law and practice in certain countries into which the Underlying Fund invests or may invest in the future is not clearly established. It is possible therefore that the current interpretation of the law or understanding of practice might change, or that the law might be changed with retrospective effect. It is therefore possible that the Underlying Fund could become subject to additional taxation in such countries that is not anticipated either at the date of the Underlying Fund's Prospectus or when investments are made, valued or disposed of.

### **ESG Scoring Risk**

The Company and the Investment Adviser may rely on third parties to provide ESG scoring data where relevant. Therefore, the Company is subject to certain operational and data quality risks associated with reliance on third party service providers and data sources. ESG data provided by third parties may not always be reliable, consistent or available and this may impact on the Underlying Fund's ability to accurately assess sustainability risks and effectively promote environmental and social characteristics, where relevant.

### **SFDR categorisation and ESG data**

SFDR requires Underlying Funds of the Company to be categorised into three different categories:

- Underlying Funds which do not have sustainable investment as their objective and/or promote environmental or social characteristics (referred to as Article 6 SFDR Underlying Funds);
- Underlying Funds which promote environmental and/or social characteristics (referred to as Article 8 SFDR Underlying Funds); and
- Underlying Funds with sustainable investment as their investment objective (referred to as Article 9 SFDR Underlying Funds).

Article 8 and Article 9 SFDR Underlying Funds are subject to particular disclosure requirements, with the purpose of providing transparency to show how the Underlying Fund's environmental or social characteristics are met, or how the sustainable investment objective and policy is achieved.

HSBC Asset Management's investment process uses bespoke sustainability frameworks, to assess the investments to be made in line with the relevant Underlying Fund's SFDR categorisation as an Article 8 or Article 9 SFDR Underlying Fund. The relevant Investment Adviser will use all relevant information available to them to manage the Underlying Funds in line with ESG characteristics of the stated investment objective.

However, the required disclosures may not always include the data required by the SFDR and/or Taxonomy Regulation due to the unavailability of such data. A lack of data could arise because a company does not provide this data at an entity and/or product level, or because the company's circumstances change and it ceases to provide particular information in future.

In such a situation, the Investment Adviser will aim to disclose as much information about the Underlying Fund's portfolio as possible in order to provide as much transparency as it is able to about the alignment between the existing investments and the environmental and/or social characteristics promoted by the Underlying Fund or the Underlying Fund's sustainable investment objective.

## **4.2 Risks specific to the Underlying Fund**

### **Concentration Risk**



The Index may be concentrated in companies operating in certain markets or securities listed in certain stock exchanges; therefore any situation impacting such markets or stock exchanges may also impact the index and the Underlying Fund performance.

### **Index Calculation Risk**

The Investment Adviser has entered into an agreement with S&P Dow Jones. Under such agreement S&P Dow Jones will calculate the index which will be used by the Investment Adviser to manage the Underlying Fund. The agreement is subject to an annual review. In the event the index is no longer available for use, there is a contingency plan in place and further details are available under Appendix 1 – Benchmark Substitution Plan.

The Underlying Fund may be terminated if the index ceases to be compiled or published and there is no replacement Index using the same or substantially similar formula for the method of calculation as used in calculating the relevant Index.

The index is calculated by the Index Provider without any consideration to the performance of the Underlying Fund. The Index Provider makes no representation or warranty, express or implied, to investors in the Underlying Fund or other persons regarding the advisability of investing in the Underlying Fund. There is no assurance that the Index Provider will compile the Index accurately, or that the Index will be determined, composed or calculated accurately. In addition, the process and the basis of computing and compiling the Index and any of its related formulae, constituent companies and factors may at any time be changed or altered without notice.

### **Composition of the Index Risk**

The composition of the index may change (e.g. securities delisted). The Investment Adviser will seek to implement any change to the index composition but there is no guarantee the Underlying Fund will accurately reflect the composition of the index at any given time.

### **Index Replication Risk**

As the Underlying Fund will seek to track (replicate) an index, by investing directly in the components of the index, any fluctuation/volatility of the index may result in increases/decreases of the Underlying Fund valuation. The Investment Adviser will not seek to select stocks or take defensive positions in declining markets. Therefore, should the Index fall, index Underlying Funds tracking such index would also fall and investors may lose a significant part of their investments.

Furthermore, there is no guarantee that the Underlying Fund performance will exactly replicate the index performance. This could be caused, amongst others, by transaction costs, corporate actions, timing variances.

Detailed above are investment risks applicable to the Underlying Fund under the Management Company as set out in the latest Management Company's prospectus (the "Prospectus"). The above should not be considered to be an exhaustive list of risks which potential policyholders should consider before investing into the Fund.

Investors should be aware that an investment in the particular Fund may be exposed to other risks of an exceptional nature from time to time.

## **6. Subscription of Units**

### **6.1 Initial Purchase Price and Initial Offer Period**

This Fund was launched on 1 June 2023 at an offer price of \$1.00. The Fund has an initial offer period from 1 June 2023 to 14 June 2023. During the period, the bid price will be fixed as \$0.95.

### **6.2 How to Buy Units**

When you apply for your policy, you can choose whether you want:

- all your allocated premium to be invested in one of the available PRULink Funds; or

- all your allocated premium to be invested in 2 or more of the available PRULink Funds.

You must invest a minimum of 5% of your premium in any PRULink Funds you choose and thereafter invest in multiples of 5% of the premium.

A percentage of your premium is used to buy units at the bid price<sup>1</sup> in the PRULink Fund or PRULink Funds you have chosen.

If the premiums are intended to be paid by cash, then the cash together with the proposal form should be submitted to the cashier, otherwise the proposal form should be accompanied by full payment in the form of a cheque or a banker's draft made payable to, or via telegraphic transfer to, Prudential Assurance Company Singapore (Pte) Limited.

If the premiums are intended to be paid with Supplementary Retirement Scheme ("SRS") monies, you should instruct the relevant SRS operator bank to withdraw from your SRS account monies in respect of the policy applied for.

Units will generally be credited to your account only when the funds are cleared, although we may at our discretion issue units before receiving full payment in cleared funds.

For compliance with applicable anti-money laundering laws and guidelines, we or the Manager reserve the right to request such information as may, in the opinion of the Manager or its approved distributors, be necessary to verify the identity of an applicant.

## 6.3 Dealing Deadline and Pricing Basis

### 6.3.1 Pricing of PRULink Fund

Pricing of PRULink Funds is on a forward, bid-bid basis<sup>1</sup>.

If we receive your premium:

- by 3pm, we will use the bid price<sup>1</sup> calculated on the next Business Day; or
- after 3pm, we will use the bid price<sup>1</sup> calculated on the second Business Day following the day we receive your premium/application.

#### Example

If we receive your premium by 3pm on Monday, we will use Tuesday's bid price<sup>1</sup> to buy units in your account. If we receive your premium after 3pm on Monday, we will use Wednesday's bid price<sup>1</sup>.

## 6.4 Allotment of Units

Numerical example of units allotment:

$$\text{\$1,000} \quad \times \quad 0\% \quad = \quad \text{\$0}$$

Your Initial Investment	Premium Charge*	Premium Charge
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$$\text{\$1,000} \quad - \quad \text{\$0} \quad = \quad \text{\$1,000} \quad \div \quad \text{\$1.00} = 1,000 \text{ units}$$

Your Initial Investment	Premium Charge Amount	Net Investment Sum	Bid Price <sup>1</sup>	No. of units you will receive
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\* Please refer to the applicable Premium Charge in the Product Summary.

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<sup>1</sup> Note: ILP Underlying Fund offered under some products are on bid-offer spread. Please refer to the Product Summary and relevant fund documentation for more information.

## 7. Withdrawal of Units

### 7.1 How to Withdraw Units

You can make a partial or full withdrawal by asking us to sell some or all of the units in your account.

We will sell the units as soon as practicable after accepting the application.

### 7.2 Minimum Holdings Amount and Minimum Withdrawal Amount

The minimum withdrawal amount is S\$1,000.

If you make a partial withdrawal, the remaining units in the account must be worth at least S\$1,000 based on the bid price at the time of withdrawal. If not, you will not be able to make a partial withdrawal. To apply, you must use the appropriate application form and meet the conditions on it. We will notify you if we accept the application.

### 7.3 Dealing Deadline and Pricing Basis

Pricing of PRULink Funds is on a forward, bid-bid basis.

If we receive the withdrawal application:

- a) by 3pm, we will use the bid price calculated on the next Business Day; or
- b) after 3pm, we will use the or bid price calculated on the second Business Day following the day we receive the withdrawal application.

#### Example

If we receive the withdrawal application by 3pm on Monday, we will use Tuesday's bid price to sell units in the account. If we receive the withdrawal application after 3pm on Monday, we will use Wednesday's bid price.

### 7.4 Calculation of Withdrawal Proceeds

Numerical example of withdrawal value based on withdrawal of 1,000 units:

$$\begin{array}{rcccccc} 1,000 & & \times & & \$0.95 & = & \$950 \\ \text{Number of Units Withdrawn} & & & & \text{Bid Price} & & \text{Withdrawal Value} \end{array}$$

### 7.5 Settlement for Withdrawal

We will pay the withdrawal proceeds within:

- T+ 4 Business Days in respect of bond and money market funds; and
- T+ 6 Business Days in respect of funds other than bond and money market, property and hedge funds.

If you decide to surrender the policy invested in a money market and equity fund at the same time the payment of the withdrawal proceeds shall not be later than T+ 6 Business Days.

If we receive your withdrawal request with all the documents and information:

- a) by 3pm, T will be on the same business day we receive your withdrawal request;
- b) after 3pm, T will be the next business day after we receive your withdrawal request. It is also considered paid on the day your account is credited or a cheque is mailed to you.

## 8. Switching of PRULink Fund(s)

You can switch the units in your account into other PRULink Fund(s) that are available. The minimum amount allowed to switch out of a PRULink Fund is currently S\$200. The remaining

units in the PRULink Fund that you are switching from must be worth at least S\$200 based on the bid price at the time of switching. If not, you must switch all the units out of the PRULink Fund.

To make the switch, we sell the units in the old PRULink Fund at the bid price of that PRULink Fund and buy units in the new PRULink Fund at its bid price.

We currently do not charge for fund switches. However, we reserve the right to levy an administration charge but will not do so before giving 30 days' written notice.

To apply for switching, you must use the appropriate application form and meet the conditions on it. We will notify you if we accept your application.

## 9. Obtaining Prices of Units

The valuation of the Fund is dependent on the Underlying Fund and is valued correspondingly with the Underlying Fund on each Business Day ("**Pricing Day**") to work out the unit price. Prices of the PRULink Funds\* may currently be obtained from [www.prudential.com.sg](http://www.prudential.com.sg), Straits Times and Business Times or such other publications or media as may from time to time be available.

*\*The actual offer and bid prices are published at the end of the first Business Day after the relevant pricing date.*

We reserve the right to change the list of sources from which the unit price can be currently obtained. We shall not be responsible for any errors in the published prices or for any late or non-publication of the prices attributable to the publishers.

## 10. Suspension of Dealing

The ILP Underlying Fund is not listed and you can withdraw your units only on Business Days. There is no secondary market for the units in the ILP Underlying Fund. All withdrawal application should be submitted to the Product Provider.

We reserve the right to suspend immediately any issue, withdrawal, exchange or other dealing in relation to any of the PRULink Funds (or the units there under) if the Manager of the Fund or the Management Company and/or the Investment Manager of the Underlying Fund (where applicable) suspends the issue, withdrawal, exchange or other dealing in the units or shares of the Fund or the Underlying Fund, or if we are required to do so by the Management Company and/or the Investment Manager or the Manager or any other government or regulatory body, or at our reasonable discretion, including but not limited to the following situations:

- (i) during any period when any market for any Material Proportion of the calculation of the value of units the Investments for the time being constituting the relevant Deposited Property is closed otherwise than for ordinary holidays;
- (ii) during any period when dealings on any such market are restricted or suspended;
- (iii) during any period when, in the opinion of the Manager, there exists any state of affairs as a result of which withdrawal of deposits held for the account of the Fund or the realisation of any Material Proportion of the Investment for the time being constituting the relevant assets comprised in that PRULink Fund cannot be effected normally or without seriously prejudicing the interests of investors of that PRULink Fund as a whole;
- (iv) during any period during which there is, in the opinion of the Manager, any breakdown in the means of communication normally employed in determining the value of any of the Investments or the amount of any cash for the time being comprised in the relevant Deposited Property or when for any other reason the value of any such Investment or the amount of any such cash or liability cannot be promptly and accurately ascertained, including any period when the fair value of a Material Proportion of the Investments for the time being constituting the relevant Deposited Property cannot be determined and for the purpose of this paragraph,

“fair value” of an Investment is the price that the Fund would reasonably expect to receive upon a current sale of the Investment;

- (v) during any period when, in the opinion of the Manager, the transfer of funds which will or may be involved in the realisation of any Material Proportion of the Investments for the time being constituting the relevant Deposited Property cannot be effected promptly at normal rates of the exchange;
- (vi) where the PRULink Fund is a feeder fund or fund of funds, during any period when dealings in the units or shares of the relevant fund or underlying fund(s) are restricted or suspended;
- (vii) any period when dealing in units is suspended pursuant to any order or direction of the Authority;
- (viii) any period when the business operations of the Product Provider/Manager in relation to the operation of the Fund or the Underlying Fund (as the case may be) 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;

and payment for any units of the Fund realised before the commencement of any such suspension but for which payment has not been made before the commencement thereof may, if the Product Provider so agree, be deferred until immediately after the end of such suspension. Such suspension shall take effect forthwith upon the declaration in writing thereof by the Product Provider 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 such cessation having been confirmed by the Manager). The Product Provider shall as soon as practicable after its declaration of any temporary suspension of realisation and of the termination of such suspension cause such information to be published in the major local newspaper in Singapore which published the daily issue and realisation pricing of units of the Fund.

## **11. Soft Dollar Commissions or Arrangements**

The Investment Adviser does not receive soft-dollar commissions or arrangements for the Underlying Fund.

## **12. Conflicts of Interest**

The Investment Adviser, the Company and the Management Company are part of the HSBC Group. There are rigorous processes in place to manage any conflict of interests. The Investment Adviser, the Management Company and/or the Company are not involved in the calculation and publication of the Dow Jones Islamic Market Titans 100 index.

From time to time, actual or potential conflicts of interest may arise between the Depository Bank and its delegates, for example, where a delegate is an affiliate of the Depository Bank, the Depository Bank may have a financial or business interest in that delegate and these interconnections could give rise to potential conflicts of interest resulting in selection bias (choice of the delegate not based on quality and price), insolvency risk (lower standards in asset segregation or attention to the delegate’s solvency) or single group exposure risk.

Actual or potential conflicts of interest may arise between the Company, the Company’s shareholders or the Management Company on the one hand and the Depository Bank on the other hand. The Management Company and the Depository Bank are part of HSBC Holdings plc, which is a multi-service banking group, providing its clients all forms of banking and investment services. As a result, there may be conflicts of interest between the various activities of these companies and their duties and obligations to the Company. For example such actual or potential conflict of interest may arise because the Depository Bank is part of a legal entity or is related to a legal entity which provides other products or services to the Company. The Depository Bank may have a financial or business interest in the provision of such products or services, or may receive remuneration for related products or services provided to the Company, or may have

other clients whose interests may conflict with those of the Company, the Company's shareholders or the Management Company.

The Depository Bank and any of its affiliates may effect, and make a profit from, transactions in which the Depository Bank (or its affiliates, or another client of the Depository Bank or its affiliates) has (directly or indirectly) a material interest or a relationship of any description and which involves or may involve a potential conflict of interest with the Depository Bank's duty to the Company. This includes for example circumstances in which the same entity to which the Depository Bank or any of its affiliates or connected persons belong, acts as administration agent of the Company; provides stock lending services and foreign exchange facilities to the Company and/or a Underlying Fund and/or to other funds or companies; acts as prime broker, banker, derivatives counterparty of the Company and/or a Underlying Fund; acts in the same transaction as agent for more than one client; or earns profits from or has a financial or business interest in any of these activities.

The Depository Bank has a conflicts of interest policy in place to identify, manage and monitor on an on-going basis any potential conflict of interest. As per such policy where a potential conflict of interest is identified by an employee it should immediately be escalated to the line manager/senior management and/or HSBC's Compliance department. The situation will be analysed, recorded and managed promptly in the best interest of the Company's shareholders. A Conflict of Interest Register is maintained and monitored by HSBC's Compliance department.

## **13. Reports**

The financial year-end of the PRULink Funds is 31 December of each year. You will receive the Semi-Annual Report and Annual Audited Report within 2 months and 3 months respectively from the last date of the period to which the report dates. The Semi-Annual Report and Annual Audited Report may also be obtained from [www.prudential.com.sg](http://www.prudential.com.sg).

## **14. Other Material Information**

### **14.1 Right to Change Investment Objective**

The Manager reserve the right to change the investment objective of the Fund from time to time. The Management Company and/or the Investment Manager of the Underlying Fund reserves the right to change the investment objectives of the Underlying Fund. However, 30 days' written notice will be given before doing so.

### **14.2 Right to Change Underlying Fund(s)**

The Manager or the Product Provider may at its sole discretion replace the Underlying Fund, subject to applicable regulatory approval having been obtained and 30 days' prior written notice having been provided to you.

### **14.3 Duties and Obligations**

We may have to observe certain duties and obligations (which may require your co-operation and assistance):

- Under the agreements between us and the Management Company, and
- Under certain statutory and regulatory requirements which may include but are not limited to notices and guidelines issued from time to time by various associations and authorities.

We may therefore require your co-operation, upon our request, to perform certain actions, so as to allow us to carry out these duties and obligations.

### **14.4 Distribution of Income and Capital**

Distribution of income, net capital gains and/or capital of the Fund (where applicable) will be at the Manager's sole discretion. In the event where any distribution is made, such distribution will reduce the net asset value of the Fund.

Distributions out of capital is equivalent to a reduction or return of an investor's initial capital.

#### **14.5 Termination of PRULink Funds**

We reserve the right to terminate immediately (upon giving written notice) any of the PRULink Funds if the Manager or the Management Company terminates the Fund or Underlying Fund, or if we are required to do so by the Manager or Management Company (where applicable) or any other government or regulatory body, or at our reasonable discretion, including but not limited to the following situations:

- (i) on any date if on such date the value of the relevant assets comprised in that PRULink Fund is less than S\$5 million or its equivalent in any applicable foreign currency;
- (ii) if any law is passed or any direction is given by the Authority which renders it illegal or in the opinion of the Manager impracticable or inadvisable to continue that PRULink Fund or if any approval or authorization of that PRULink Fund is revoked or withdrawn;
- (iii) if the Manager or Management Company is of the view that it is not in the best interest of policyholders in that PRULink Fund to continue the PRULink Fund; or
- (iv) in the event of the amalgamation, reconstruction, reorganization, dissolution, liquidation, merger or consolidation of any one of the funds within the relevant Underlying Fund(s) that is corresponding to that PRULink Fund, if any, or a change in the Investment Manager(s) of the relevant Underlying Fund or the corresponding fund (as the case may be).

If we terminate a PRULink Fund, we will sell units in that PRULink Fund based on the bid price calculated after liquidating all Investments in that PRULink Fund. Upon completion, we will return you the value of units in your account.

## Schedule 1 – PRULink Islamic Global Equity Index Fund

### a. Structure

PRULink Islamic Global Equity Index Fund is a single fund and classified as Specified Investment Product. The Fund was launched on 1 June 2023. It feeds into HSBC Islamic Global Equity Index Fund (“Underlying Fund”) which is domiciled in Luxembourg. The Fund has a risk classification of Higher Risk.

The benchmark for this Fund is Dow Jones Islamic Market Titans 100 Index (the “**Index**”).

### b. Investment Objective

PRULink Islamic Global Equity Index Fund invests 100% into the HSBC Islamic Global Equity Index Fund (“Underlying Fund”). The Underlying Fund aims to track the performance of a world index, through investment in a diversified portfolio of securities as defined by the relevant index, which meets Islamic investment principles as interpreted and laid down by the Shariah Committee and provided to the Board of Directors.

Any adherence to Shariah requirements are fulfilled on the Underlying Fund and the Index only.

Any material licensing condition in relation to the use of the index may prevent the index ILP Underlying Fund from achieving its objective.

### c. Investment Focus and Approach

The Investment Adviser shall endeavour to ensure that all investments for the Company are made in adherence with the principles of Shariah.

The Management Company has entered into a Shariah Compliance Advisory Agreement with HSBC Bank plc under which the latter agrees to appoint the members of the HSBC Islamic Shariah Committee (the “**Shariah Committee**”). The members of the Shariah Committee are disclosed in the Company’s financial reports. The Shariah Committee is responsible for the following activities:

1. Study of the Company’s prospectus, investment objectives and policies, use of Investment Techniques and Instruments and advising the Board of Directors regarding compliance with Shariah principles;
2. Determining that the investment activities of the Company are made in compliance with the Shariah principles;
3. Providing suitable criteria for the selection of companies in whose securities the Underlying Funds may invest;
4. Approving the appointment of a suitably qualified screening agent, if any;
5. Advising the Company on compliance with Shariah principles in respect of the use of instruments and techniques for hedging, if any, and Underlying Fund management;
6. Establishing principles for calculating an appropriate percentage of impure income derived from entities in which the Underlying Fund has invested and approving proposals for the nomination of suitable charities to which an amount so determined shall be donated; and
7. Preparing of an annual certificate on the Underlying Fund’s compliance with Shariah principles for inclusion in the financial reports.

Subject to the approval of the Company, the Management Company shall agree with the Shariah Committee the adequate procedures to submit the operational activities of the Underlying Fund for its review.

Whenever the application of Shariah rulings so require, the Management Company shall deduct annually from the Underlying Fund amounts under principles established, determined, or evaluated by the Shariah Committee, that may have derived from activities not in accordance with Shariah principles. Any such amounts will be deducted only upon their actual determination



and no anticipated accrual thereof shall be made. Such money will be paid to charities approved from time to time by the Shariah Committee.

Within the Shariah principles as interpreted, laid down and monitored by the Shariah Committee, the Management Company and the Investment Adviser shall retain full competence to manage such Shariah compliant investments as they shall deem to be in the best interest of the Company's shareholders.

If an investment becomes non-compatible with Shariah principles, the Investment Adviser shall sell such investment. The cost of any such reversal would be borne by the Underlying Fund.

The Company will be run within Shariah principles interpreted and laid down by the Shariah Committee and provided to the Board of Directors and the Management Company. In addition, the Management Company shall observe the principles, approved by the Shariah Committee, in respect of the Underlying Fund as detailed below.

#### Sectoral and Financial Screens

The Underlying Fund will follow the screening criteria used by its respective index provider and approved by the Shariah Committee, as follows:

Underlying Fund	Index Provider
HSBC Islamic Global Equity Index Fund	Dow Jones <sup>1</sup>

Subject to approval of the Shariah Committee, the Board of Directors may change the screening criteria for the Underlying Fund.

#### Financial Instruments Prohibition

The Shariah Committee has expressly declared the following instruments and transactions inappropriate for the Company unless otherwise approved by the Shariah Committee:

- Investment in interest bearing instruments;
- Interest-based instruments/accounts;
- Use of financial derivatives or warrants;
- Short selling; and
- Any other non-Shariah compliant activity.

#### Dividend Purification

In addition to the above investment restrictions, the Shariah Committee has issued guidelines to quantify the annual amount of income of the Company that should be donated to charity, being derived from companies eligible for investment pursuant to the investment objective, policy and restrictions set out for the Underlying Fund, but that are engaged in an activity or activities of a marginal nature which is or are prohibited by the Shariah Committee and which is not or are not screened out by the investment restrictions. Such amount will be calculated on an annual basis, based on the purification ratios, expressed as a percentage of each company's dividend. The purification ratios will be provided by index providers, as appropriate, for the Underlying Fund, for all companies in which the Underlying Fund has invested. For companies, whose purification ratios are not provided by the index providers, purification ratios will be calculated based on the financial information of these companies received from the Investment Adviser. Such income will be disbursed as a charitable donation to one or more worthy causes approved by the Shariah Committee. The amount donated in this way will be detailed in the Company's annual report.

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<sup>1</sup> Screening criterion and methodology can be accessed at [www.djindexes.com](http://www.djindexes.com)

The Underlying Fund may use Shariah compliant foreign exchange forwards for hedging purposes.

#### d. Index Objective and overview

The Dow Jones Islamic Market Titans 100 index comprises securities of companies that have their registered office in, and/or with an official listing on a major stock exchange or other Regulated Market in a developed market or marginally in an Emerging Market anywhere in the world.

Securities in the Dow Jones Islamic Market Titans 100 index are weighted by float-adjusted market capitalisation. Each component's weight is capped at 10% of the index's total free-float market capitalisation. Weights are reviewed on a quarterly basis.

The Dow Jones Islamic Market Titans 100 index is calculated and published by S&P Dow Jones (the Index Provider) on a daily basis, using the closing price of each component stock. For stocks that did not trade on the current day, the closing prices or adjusted closing prices from the previous trading day are used.

The Dow Jones Islamic Market Titans 100 index is available on Bloomberg and on the following website (<http://supplemental.spindices.com/supplemental-data/eu>).

The Investment Adviser, the Company and the Management Company are part of the HSBC Group. There are rigorous processes in place to manage any conflict of interests. The Investment Adviser, the Management Company and/or the Company are not involved in the calculation and publication of the Dow Jones Islamic Market Titans 100 index.

#### Methodology

The Dow Jones Islamic Market Titans 100 index methodology uses a screening process to determine whether a security is eligible for inclusion in the index. Index components are selected by filtering the index universe through screens for business activities and financial ratios to remove stocks that are not suitable for Islamic investment purposes.

Business activities which are excluded from inclusion of the index are: alcohol, tobacco, pork-related products, conventional financial services, weapons and defences, certain entertainment.

#### Maintenance

The index undergoes a full review in September. On a quarterly basis, March, June, September and December the index may be rebalanced. The index is also reviewed on an ongoing basis to account for corporate actions such as mergers, delistings or bankruptcies.

#### Constituent Securities of the Dow Jones Islamic Market Titans 100 Index

S&P Dow Jones publishes factsheet on a monthly basis (<https://www.spglobal.com/spdji/en/indices/equity/dow-jones-islamic-market-titans-100-index/#data>) where the top 10 constituents can be found.

As of 28 May 2021, the 10 largest constituents by Index weight in the Dow Jones Islamic Market Titans 100 index were:

	<b>Stock Name</b>	<b>Exchange</b>	<b>Sector</b>	<b>Weighting %</b>
1	Microsoft Corp	United States	Technology	7.14
2	Apple Inc.	United States	Technology	6.9

3	Facebook NPV	United States	Technology	4.12
4	Alphabet Inc. A	United States	Technology	3.69
5	Alphabet Inc. C	United States	Technology	3.62
6	Tesla Motors	United States	Consumer Goods	2.5
7	Johnson & Johnson	United States	Health Care	2.32
8	Nvidia	United States	Technology	2.1
9	Visa Class A Shares	United States	Financials	2.01
10	Home Dept	United States	Consumer Services	1.79

### Replication

The Investment Adviser will fully replicate the Dow Jones Islamic Market Titans 100 index.

Full Replication refers to the investment strategy employed by the Underlying Fund to track the Index. The Underlying Fund will seek to invest in all of the securities or equivalent instruments (for example ADR and GDRs) of the index and in the same proportions in which they are included in the index. However, the Underlying Fund may need to hold a small proportion of their assets in cash in order to manage subscriptions and redemptions efficiently.

### Tracking Error

The anticipated level of tracking error in normal market conditions is 0.2%.

Factors which may impact the ability of the Underlying Fund to track an index

Transaction costs incurred as a result of an index rebalance: in order to maintain the proportion of each security aligned with the tracked index, a Underlying Fund will need to buy/sell securities whenever the tracked index re-balances/changes its components. These will include any transaction taxes.

Custody costs: these are incurred by the Underlying Fund for holding the securities it invests in. Custody costs vary by market.

Dividend/reinvestments: the Underlying Fund may receive dividends as a result of owning stocks. This will usually be paid in cash. The Underlying Fund will usually retain a proportion of cash to be able to deal with day-to-day the Underlying Fund's management operations to minimise the need to sell any securities. Dividends may sometimes be kept in cash until enough payments have accumulated in order to reinvest in the Underlying Fund 's securities.

Taxes: the Underlying Fund may be liable for taxes such as withholding tax or capital gains tax.

Corporate actions: in some instances, the treatment of specific corporate actions (e.g. dividend payments) by the index may differ from how the fund treats such corporate action and calculates its NAV.

### Managing and Monitoring Exposure to Risks

Bloomberg Portfolio Optimiser (PORT) is used to minimise deviations from the index while focusing on the most liquid, tradable stocks. The integrated system automatically loads data into PORT, permitting frequent analysis.

Each portfolio has a monthly risk budget. Using PORT, a portfolio's tracking error is compared against its internal tracking error limit and any discrepancies will be attributed. Portfolios are monitored daily with respect to load differences, i.e. the difference between a portfolio's allocations and those of its benchmark. A matrix approach is used to ensure that the portfolio is neutral versus the benchmark regarding country and sector allocations, market-cap size, valuation and momentum.

#### Benchmark Regulation

At the date of the Underlying Fund's Prospectus, the benchmark used by the Company, the Dow Jones Islamic Market Titans 100 index, is a non-EU benchmark included in ESMA's register of third country benchmarks pursuant to Regulation (EU) 2016/1011 (the "Benchmark Regulation").

The Management Company maintains a written plan setting out the actions that will be taken in the event of the benchmark materially changing or ceasing to be provided which is available free of charge at the Management Company's registered office.

#### **e. Product Suitability**

The Fund is only suitable for investors who:

- are looking for capital growth with a long investment time horizon, i.e. they should plan to hold it for at least five years,
- capable of evaluating the risks and merits of such an investment; and
- have sufficient resources to bear any loss as the Fund is not guaranteed and they may receive back less than the amount invested.

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

Investors may wish to speak to a Prudential Financial Consultant or Representative before making a commitment to invest in the Fund.

#### **f. Performance of the Fund**

##### **Past Performance of the Fund**

The Fund was launched on 1 June 2023 and therefore there is no past performance record.

#### **g. Expense Ratio of the Fund**

The Fund was launched on 1 June 2023 and therefore there is no past expense ratio record.

#### **h. Turnover Ratio**

##### **Turnover ratio of the Fund**

The Fund was launched on 1 June 2023 and therefore there is no past turnover ratio record.

##### **Turnover ratio of the Underlying Fund<sup>3</sup>**

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<sup>3</sup> The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments divided by the average daily net asset value.

Underlying Fund	Turnover Ratio for the financial year ended 31 December 2022
HSBC Islamic Global Equity Index Fund	10.29%

Source: HSBC Global Asset Management (Singapore) Limited.

**i. Fees**

**Fees payable directly by you**

**Initial Investment Charge**

There is a 5%\* initial investment charge (bid-offer spread) for cash and SRS investment. This charge is reflected as the difference between the bid price and offer price of the Fund. The offer and bid prices are the buying and selling prices to you respectively. PRULink Funds are valued, and charges are deducted, on a forward pricing basis.

Note: ILP Underlying Fund offered under some products do not have bid-offer spread and are offered on single bid price basis. Please refer to the Product Summary and relevant fund documentation for more information

*\* Please refer to the Product Summary for details of charges incurred on your insurance plan as charges may vary from product to product and may be lower than 5%.*

Redemption Fee is not applicable

**Fees payable by the ILP Underlying Fund**

**Continuing Investment Charge**

The continuing investment charge is currently 1.10% per annum. This charge is deducted from the asset value of the ILP Underlying Fund on a pro-rata basis at each unit pricing date throughout the year. We reserve the right to vary the continuing investment charge. Any increase in the continuing investment charge will be up to a maximum of 2% per annum but we will not do so before giving you 6 months' written notice.

**Other Fees Payable by the Fund**

The custodian fee is below 0.02% per annum, and it may vary depending on number and volume of transactions.

The offer and bid prices of the fund are net of these charges. Other charges are listed in the Product Summary.

## Appendix 1 – Benchmark Substitution Plan

This appendix outlines the plan, procedure and governance requirements (the “**Plan**”) for any material changes to and/or the cessation of benchmarks.

PRULink Islamic Global Equity Index Fund (“**Fund**”) invests 100% into the HSBC Islamic Global Equity Index Fund (“**Underlying Fund**”) and shares the same investment objective and benchmark as the Underlying Fund. The benchmark for the Fund is Dow Jones Islamic Market Titans 100 Index (the “**Benchmark**”).

This Plan is prepared by the Underlying Fund pursuant to article 28(2) of the European Benchmark Regulations (“**EBR**”) and sets out the actions that the Underlying Fund will take where a benchmark it is using materially changes, ceases to be provided or where the administrator of such a benchmark (the “**Administrator**”) fails to become authorized, registered or otherwise regulated in accordance with the EBR or loses its status as a regulated administrator under the EBR.

This Plan is intended to cover circumstances where the Benchmark permanently (or on a long term basis) either materially changes or ceases to be provided or where an Administrator fails to become authorised, registered or otherwise regulated in accordance with the EBR or loses its status as a regulated administrator under the EBR. This Plan is not intended to change any provisions in Index methodologies, rulebooks or similar documents which relate to market disruption events, extraordinary events and similar. Material change means [any change to a Benchmark which either: (i) substantively impacts the provision or determination of a Benchmark; or (ii) which otherwise has, or is expected to have, a substantial detrimental impact on the Underlying Fund].

Additional Scope: The process set out in this Plan will be followed if the Benchmark used by the Underlying Fund fails to continue to meet the requirements applicable to ‘financial indices’ set out in ESMA’s Guidelines on ETFs and other UCITS issues (ESMA/2014/937EN).

This Plan specifies:

- the process for selecting an alternative Benchmark currently used in relation to an Investment Fund (see section A below); and
- the process for replacing an existing Benchmark with an Alternative Benchmark (see section B below).

### SECTION A: PROCESS FOR SELECTING AN ALTERNATIVE BENCHMARK

An Alternative Benchmark should be selected by the Underlying Fund in circumstances such as those outlined below. Examples include but are not limited to:

- the actions being taken by the Administrator of the relevant Benchmark to minimise disruption – notably any procedures that the Administrator has published in accordance with article 28(1) EBR;
- whether the Alternative Benchmark matches (to the extent practicable) the existing benchmark’s characteristics (notably around credit quality, maturities and liquidity) including, where appropriate, the market or economic reality measured by the Benchmark;
- whether the Administrator of the Alternative Benchmark is intending to comply with the EBR. Notably, determining if the Administrator is exempt (for example, a central bank) or whether the Administrator of the Alternative Benchmark is on the register maintained by ESMA in accordance with Article 36. Also, whether a statement in relation to the Alternative Benchmark as been published, and if the Administrator is of good repute and is it likely that the Alternative Benchmark will be provided on a long term basis.
- the extent to which the Alternative Benchmark meets the needs of the fund and can be changed subject to local regulatory requirements;
- the anticipated impact of the change on the fund. Key considerations are the anticipated financial impact on investors and whether the change is consistent with the Underlying Fund’s obligation to treat investors fairly;
- investor expectations;

- whether investors will easily understand how the Alternative Benchmark is determined; and
- suggestions by, or the requirements of, national and other regulatory authorities.

The Underlying Fund does not regard it as feasible or appropriate to maintain a list of Alternative Benchmarks until one of the following circumstances outlined above occurs, for the following reasons:

- Benchmarks could cease to become available or materially change for a variety of reasons ranging from the financial viability of the relevant Administrator to the availability of reliable transaction data or Index components. What is an appropriate replacement will depend on the reasons that the original Benchmark is either unavailable or will materially change. For example, where an Administrator ceases to operate, it may be relatively easy to select an Alternative Benchmark.
- Benchmarks have been selected to track performance of a specific investment strategy of a fund or client - Benchmarks that provide something similar are not readily available and may need to be specifically selected or developed at the relevant time.
- Benchmark used by the Underlying Fund is widely referenced across the European financial services sector in a range of Investment Funds. Given the significance of these Benchmarks to the integrity and functioning of the European financial system and the issues the unavailability or material change to these Benchmarks could cause, any
- Alternative Benchmark would need to be considered in the context of prevailing market conditions at the relevant time.
- The Underlying Fund has a large number of investors across various UCITS and AIFs. In selecting an Alternative Benchmark, to ensure (in accordance with the Underlying Fund's regulatory obligations) that the Underlying Fund is treating investors fairly, the Underlying Fund will need to consider the most appropriate Alternative Benchmark at the relevant time. In order to determine the most appropriate Alternative Benchmark, the Underlying Fund envisages needing to assess in detail (possibly through back-testing, simulations or other means) the expected financial impact of the change on investors – notably the impact on investor returns – and in light of the number, term and investor base of impacted Investment Funds in place at the relevant time. Generally speaking, the Underlying Fund will only select Benchmarks that: (i) are widely-used Benchmarks that are established by regulated and recognised benchmark administrators, or are capped / amended versions of such Benchmarks that have been created to address regulatory diversification requirements applicable to the UCITS and AIFs for which Underlying Fund acts as asset manager; and (ii) cover a sufficient portion of the market in the relevant sector of the UCITS and AIFs for which Underlying Fund acts as asset manager.
- The Underlying Fund's approach will need to be informed by the procedures that, in accordance with the EBR, Administrators publish specifying the actions they would take in the event that a Benchmark materially changes or ceases to be provided. The Underlying Fund is not aware of any of these procedures being published as at the date of this Plan. The Underlying Fund only use indices from large, well-established index sponsor companies. These organisations provide the market with notice of any material events therefore it is expected that there will be sufficient time to allow a fund to select an alternative index. Similarly, index rules or licensing agreement tend to include notice and termination periods. This applies both to standard and customised indices and covers the amount of notice the index sponsor will be required to provide to the Underlying Fund. The Underlying Fund will therefore have sufficient time to allow a fund to select an Alternative Benchmark.
- The risk of an index sponsor becoming insolvent with a sudden termination of indices is low. Currently no indices used by the Underlying Fund is sponsored by high risk businesses and there is precedent that proves that even when a sponsor becomes insolvent a new owner can step in quickly without index disruption e.g. selling of the Lehman indices to Barclays.

## SECTION B: PROCEDURE FOR SUBSTITUTION OF A BENCHMARK

The following section outlines the procedure to be followed where a Benchmark used to measure the performance of a UCITS or an AIF either materially changes or ceases to be available.

As soon as reasonably practicable following confirmation from the relevant Administrator or governmental/regulatory authority that a Benchmark a UCITS or an AIF uses to measure its performance either will materially change or will cease to be provided and in any case, within 5 business days, the following process shall be followed:

The Underlying Fund shall review and prepare a documented impact assessment (the "**Benchmark Impact Assessment**") specifying (amongst anything else considered relevant in the circumstances):

- the list of impacted Investment Funds as well as a brief summary of the actual or anticipated impact on each. (This should take into consideration the nature and size of the benchmark and the scale of its use by the Underlying Fund);
- agree a plan of action, which may include a proposed Alternative Benchmark; and
- if relevant, details of any plans for client/stakeholder engagement.

The Underlying Fund shall be consulted, as appropriate, in particular, when reviewing fund strategy in the selection of a substitute benchmark and other documentation.

The Underlying Fund should inform the relevant supervisory bodies through a regular written medium such as reports of any changes to benchmarks

### Index Tracking Funds

The Underlying Fund will select an Alternative Benchmark taking into account the appropriateness of such Alternative Benchmark (from an investment perspective) and commercial terms. Contractual arrangements, operational data feeds are secondary considerations.

Once a replacement has been selected, approval from the Underlying Fund's Global or Local Product Committee and fund governance body will be required and the Underlying Fund will issue a corporate action notice, usually 1 month's prior notice is necessary or periods and processes specified in local regulations. e.g FCA approval and 60 day shareholder notice period or EGM requirement if considered a fundamental change. However, in an emergency situation (relating to factors outside the control of the fund) the fund may provide less than 1 month or even no notice.

KIIDs, Factsheets and marketing materials will be updated at the next publication cycle or immediately if required by regulation.

### Performance Fees

Consideration of the performance fee calculation methodology will be required.

Governance: if an Alternative Benchmark has been selected or a decision has been made not to use a benchmark in future, a written proposal (the "**Proposal**") must be sent to the Underlying Fund's Global or Local Product Committee for approval. The Proposal must:

- specify the name of the Alternative Benchmark, if any ;
- include a summary of the anticipated impact of the change in Benchmark on the fund(s);
- confirm when the change in Benchmark will take effect;
- confirm that the Alternative Benchmark, if any, complies with applicable EBR requirements;
- provide details of the process/communications exercise to notify fund governance body/investors of the change following regulatory and/or shareholder approval if required.;
- if applicable, summarise any stakeholder engagement process as well as the comments received; and
- include details of any licence, permissions and/or authorisations required to licence or otherwise use the relevant Benchmark, as well as a summary of the costs and conditions of use.

### Confirmation of selection of Alternative Benchmark

Once an Alternative Benchmark has been selected following regulatory and/or shareholder approval, the Underlying Fund shall ensure the following occurs



- confirm any licence, permission and/or authorisation required to use the Alternative Benchmark;
- consider if any contractual terms, client documentation, disclosures and/or websites need to be updated; and
- ensure an appropriate notification is made to all impacted stakeholders where required. This should include details of (amongst anything else considered appropriate in the circumstances): (i) the name of the Alternative Benchmark and its Administrator; (ii) the date the change will take effect.

## GLOSSARY OF TERMS

“2010 Law”	means Luxembourg Law of 17 December 2010 on undertakings for collective investment, implementing the Directive into the Luxembourg law.
“Administration Agent”	means HSBC Continental Europe, Luxembourg.
“AIFs”	means Alternate Investment Funds
“Articles of Incorporation”	means Articles of incorporation of the Company, as amended from time to time.
“Authority”	means the Monetary Authority of Singapore.
“Board of Directors”	means the Board of directors of the Company.
“Business Day”	means any day other than Saturday or Sunday on which commercial banks in Singapore are generally open for business, or where the context expressly requires, any day other than Saturday or Sunday on which commercial banks in Singapore or elsewhere are generally open for business, or any other day as the Manager and the Trustee (where applicable) may agree in writing.
“Company”	means HSBC Islamic Funds.
“Connected Person”	means, in relation to a company: <ul style="list-style-type: none"><li>• any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise directly or indirectly, 20% or more of the total votes in that company; or</li><li>• any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or</li><li>• any member of the group of which that company forms part; or</li><li>• any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c).</li></ul>
“Custodian (of the PRULink Islamic Global Equity Index Fund)”	means Standard Chartered Bank (Singapore) Limited
“Depository Bank”	means HSBC Continental Europe, Luxembourg
“Directive”	means the European directive 2009/65/EC as amended.
“EGM”	means Extraordinary General Meetings.
“Eligible State”	means any Member State of the EU or any other state in Eastern and Western Europe, Asia, Africa, Australia, North America, South America and Oceania.
“ESMA”	means European Securities and Markets Authority.
“FCA”	means Financial Conduct Authority.
“KIID”	means Key Investor Information Document.
“NAV”	means Net Asset Value.

"PRULink Fund"	means any one of the PRULink Funds that is available to Prudential Singapore policyholders.
"PRULink Funds"	means the whole range of investment-linked funds that are available to Prudential Singapore policyholders.
"Regulated Market"	means a regulated market as defined in the Directive 2014/65/EU of 15 May 2014 on markets in financial instruments (Directive 2014/65/EU), namely a market which appears on the list of the regulated markets drawn up by each EU Member State, which functions regularly, is characterized by the fact that regulations issued or approved by the competent authorities define the conditions for the operation of the market, the conditions for access to the market and the conditions that must be satisfied by a financial instrument before it can effectively be dealt in on the market, requiring compliance with all the reporting and transparency requirements laid down by the Directive 2014/65/EU and any other market which is regulated, operates regularly and is recognised and open to the public in an Eligible State.
"SFDR"	<p>means Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector as amended, supplemented, consolidated, superseded or otherwise modified from time to time.</p> <p>Under SFDR, the Underlying Fund(s) can be classified as either Article 6, Article 8 or Article 9.</p>
"Shariah"	means divine Islamic 'law' as revealed in (i) the Qur'an, which is the holy book of Islam, (ii) the sunna, or binding authority of the dicta and decisions of the Prophet Mohammed (peace be upon him), (iii) ijma, or 'consensus' of the community of Islamic scholars, and (iv) the qiyas, or analogical deductions and reasoning of the Islamic scholars with respect to the foregoing) (collectively, the "Shariah") and as interpreted by the Shariah Committee.
"Shariah Committee"	The Shariah Committee will oversee the operations of the Company and ensure its compliance with Shariah precepts.
"Taxonomy Regulation"	Regulation EU 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment as amended, supplemented, consolidated, superseded or otherwise modified from time to time.
"SRS"	means the scheme referred to by the Ministry of Finance as the Supplementary Retirement Scheme or such other scheme as shall replace or supersede the Supplementary Retirement Scheme from time to time.
"UCITS"	means the Undertakings for the Collective Investment in Transferable Securities
"Underlying Fund's Prospectus"	means the Singapore prospectus of HSBC Islamic Global Equity Index Fund



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