«Client_Name»
«Address1»
«Address2»
«Address3»
«Address4»
«Address5»
«Address6»
«Address7»

May 2016

Dear Policyholder

Policy Number: «Plan_No»

Notification of changes to the underlying funds of:

J55 HSBC Chinese Equity
J56 HSBC Hong Kong Equity
L15 HSBC Indian Equity

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
IF IN DOUBT PLEASE SEEK PROFESSIONAL ADVICE.

We are writing to you as an investor in one or more of the above named funds.

We have been informed by HSBC Global Investment Funds ("the Company") that the underlying funds will be subject to a number of changes which are detailed below. These are **effective from 20 May 2016**.

Changes to the use of Derivatives by the Underlying Funds

The Company's Board has taken the opportunity to enhance the overall description of the investment objectives of the underlying funds and states:

> *"In particular, the Board has reviewed the use of financial derivative instruments and has decided to implement in the investment objective a standardised wording."*

The Company also goes on to state the rationale in relation to the use of derivatives:

> *"Use of Financial Derivative Instruments*
>
> *The enhanced wording will better describe the purposes of using financial derivatives instruments and how extensively these instruments may be used by a sub-fund. It will also bring consistency throughout the sub-funds' investment objectives."*

Changes to how investments are made into China by the Underlying Funds of J55 HSBC Chinese Equity and J56 HSBC Hong Kong Equity

The Company's Board has given consideration to the investment strategy of the Funds and has decided to make changes to their investment objectives. The Company states:

> *"Shanghai-Hong Kong Stock Connect and China A-Shares Access Products"*
>
> *"The aim is to optimise the portfolio management by making changes to the way the sub-funds invest in China.*
>
> *Going forward the sub-funds will be authorised to invest in Chinese equities listed on stock exchanges in the People's Republic of China ("PRC") and may invest in China A-shares (i) directly through the Shanghai-Hong Kong Stock Connect ("Stock Connect") and/or (ii) indirectly through China A-shares Access Products ("CAAP").*
>
> *You should refer to the Prospectus for a detailed description of the risks associated with investments in China A-shares through Stock Connect and CAAPs."*

The Company also goes on to state the rationale in relation to Shanghai-Hong Kong Stock Connect:

> *"Stock Connect is a securities trading and clearing platform developed by Hong Kong Exchanges and Clearing Limited ("HKEx") and Shanghai Stock Exchange ("SSE") with an aim to achieve mutual stock market access between the PRC and Hong Kong. Stock Connect comprises a Northbound Trading Link (for investment in China A-shares) by which the sub-funds may be able to invest in eligible shares listed on SSE.*
>
> *The flexibility to investment in Chinese equities via Stock Connect and CAAP will allow the sub-funds to take greater advantage of investment opportunities in China."*

Changes to the way investments are made into India by the Underlying Fund of L15 HSBC Indian Equity (only)

The Company states:

> *"To achieve its investment objective, the sub-fund currently invests part or all of the net proceeds of the issue of Shares in HSBC GIF Mauritius Limited (the "subsidiary company"), which is a Mauritian company wholly owned by the Company. Under normal market conditions, the subsidiary company invests substantially all of its assets in the target investments listed in the sub-fund's investment objective above. The subsidiary company currently benefits from a favourable tax treatment, due to the double taxation treaty between Mauritius and India, which in turn benefits the sub-fund and its investors.*
>
> *The Board has decided that the sub-fund's investments will be made directly rather than through the subsidiary company. Consequently, the sub-fund will divest its holdings in the subsidiary company over a period of time at the end of which the subsidiary company will be liquidated."*

Further details of the use of derivatives, Stock Connect and how investments are made into India can be found in the following respective objective changes, (amendments to the original objectives are **highlighted in bold** for your ease of reference).

Changes of Investment Objective for J55 HSBC Chinese Equity (only)

The Company states:

> *"The sub-fund aims to provide long term capital growth by investing in a portfolio of Chinese equities.*
>
> *The sub-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, or carry out the larger part of their business activities in the People's Republic of China ("China"), including Hong Kong SAR.*
>
> ***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, 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 50% of its nets assets in China A-shares through the Shanghai-Hong Kong Stock Connect and up to 50% of its net assets in CAAPs. The sub-fund's maximum exposure to China A-shares (through the Shanghai-Hong Kong Stock Connect or CAAP) and China B-shares is 70% 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.***
>
> *The sub-fund normally invests across a range of market capitalisations without any capitalisation restriction.*
>
> *The sub-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).*
>
> ***The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-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 sub-fund may invest. "***

<u>Change of Investment Objectives for J56 HSBC Hong Kong Equity (only)</u>

The Company states:

"The sub-fund aims to provide long term capital growth by investing in a portfolio of Hong Kong equities.

*The sub-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.*

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, 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 10% of its nets assets in China A-shares through the Shanghai-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 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.

The sub-fund normally invests across a range of market capitalisations without any capitalisation restriction.

The sub-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).

The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-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 sub-fund may invest."

<u>Change of Investment Objectives for L15 HSBC Indian Equity (only)</u>

The Company states:

"The sub-fund aims to provide long-term total return by investing in a portfolio of Indian equities.

The sub-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, or carry out the larger part of their business activities in, India.

When making new investments or reallocating the portfolio, the sub-fund will invest directly in equities and equity equivalent securities of companies which are domiciled in India and the sub-fund will no longer increase its holdings in the Subsidiary (as defined below). Holdings in the Subsidiary may decrease. During a transitional period, which is expected to begin in May 2016 and to be complete by the end of October 2016, the sub-fund will divest its holdings in the Subsidiary in order to reinvest these assets directly.

The sub-fund normally invests across a range of market capitalisations.

The sub-fund will not invest more than 30% of its net assets in a combination of participation notes and convertible securities.

The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-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 sub-fund may invest.

Mauritius Subsidiary

HSBC GIF Mauritius Limited, HSBC Centre, 18 Cyber City, Ebene, Mauritius (the "Subsidiary") is a Mauritian company wholly-owned by the Company.

The investment objectives of the Subsidiary are in line with those of Indian Equity (i.e. investments in equities and equity equivalent securities of companies which are domiciled in India) and the Subsidiary will apply the Company's investment restrictions as outlined in this Prospectus.

The Subsidiary was incorporated in Mauritius on 3 October 1995. It is wholly-owned by the Company. It will issue ordinary Shares and redeemable preference Shares only to the Company's Indian Equity fund. The Subsidiary is registered with the Mauritius Financial Services Commission and has obtained a certificate of tax residency from the Mauritius Revenue Authority in Mauritius (Please refer to Section 2.18. "Taxation").

The directors of the Subsidiary are responsible, inter alia, for establishing the investment objectives and policy of the Subsidiary, for monitoring the Subsidiary's investments and performance and for providing advisory services to the exclusive benefit of the Company, including in relation to massive redemptions in the sub-fund.

The Subsidiary has appointed CIM Fund Services, Rogers House, 5 President John Kennedy Street, Port Louis, Mauritius, to provide administrative services to the Subsidiary in Mauritius, including maintenance of its accounts, books and records. The Subsidiary has appointed KPMG Mauritius of KPMG Centre, 30 St George Street, Port Louis, Mauritius, as auditors of the Subsidiary in Mauritius to perform the auditor's duties required by Mauritius law.

The Subsidiary has appointed the Depositary Bank as custodian over its assets. The Company has appointed HSBC Bank (Mauritius) Limited, a bank incorporated under the laws of Mauritius and a wholly owned subsidiary of the Hong Kong and Shanghai Banking

Corporation Limited, and duly licensed to do business in Mauritius, and having an office at HSBC Centre, 18 Cybercity, Ebene, Mauritius, for the remittance of all cash and currency of the Subsidiary for the purpose of inward investment into India by the Subsidiary and in respect of remittances from such investments.

The Company and the Subsidiary shall issue consolidated accounts."

You do not need to take any action as a result of this letter if you wish to remain invested in this fund. You can however choose to switch to a different investment from the range available to you should you wish to do so, and no Friends Provident International charges will arise from this transaction.

We recommend that you seek the advice of your usual financial adviser before making any investment decisions.

Factsheets are available through the Fund Centre section of our website (www.fpinternational.com) for the alternative funds available to you. Full details on the underlying funds into which the Friends Provident International fund range invests can be found in the fund prospectus, which is available on request.

Who should you contact if you have any questions?

If you have any questions regarding your policy with us, please contact, by either phone or email, one of the following departments that correspond with your region:

General telephone number: + 44 1624 821212

Rest of the World Team – rowservicing@fpiom.com

Asia-Pacific Team – asiapacific@fpiom.com

Middle East Team – me&africa@fpiom.com

Latin America Team – latam.servicing@fpiom.com

If you have any questions regarding the operation of the Friends Provident International funds or the underlying funds, please contact our Fund Services team in the Isle of Man – Fundqueries.Intl@fpiom.com.

Yours sincerely

International Funds & Investments
Friends Provident International Limited

Fund prices may fluctuate and are not guaranteed. Investment involves risks. Past performance should not be viewed as a reliable guide of future performance.

Please refer to the principal brochure of the scheme for details including charges and risk factors.

All policyholders will receive the protection of the Life Assurance (Compensation of Policyholders) Regulations 1991 of the Isle of Man, wherever their place of residence. Investors should be aware that specific investor protection and compensation schemes that may exist in relation to collective investments and deposit accounts are unlikely to apply in the event of failure of such an investment held within insurance contracts.

C.C. <<AgencyName>>
<<AgencyAddress>>
<<AgencyAddress>>
<<AgencyAddress>>
<<AgencyAddress>>
<<AgencyAddress>>
<<AgencyAddress>>
<<AgencyAddress>>