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Financial Adviser

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October 2025

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

Dear Policyholder

**Policy Number: «Policy_No»
Your financial adviser: «Agentname»
Region designation: Hong Kong Offshore policyholder**

Notification regarding liquidation of the underlying fund of Friends Provident International Limited (“FPIL”) mirror fund - L14 HSBC Russia Equity (the Affected Mirror Fund)

We are writing to you as your policy or contract holds units in the FPIL Affected Mirror Fund listed above.

The Affected Mirror Fund directly invests into the *HSBC Global Investment Funds - Russia Equity* (the “Underlying Fund”), a sub-fund of HSBC Global Investment Funds (“HGIF”). The Underlying Fund has been suspended since 1 March 2022 following Russia’s invasion of Ukraine and the subsequent imposition of international sanctions on Russian companies and individuals. **As we advised in our notification of 2 March 2022, your units in the Affected Mirror Fund were therefore also suspended.**

Background to Underlying Fund liquidation

The board of HGIF (the “Board”) has made the decision to liquidate the Underlying Fund (the “Underlying Fund Liquidation”) in the best interests of investors, given the elapsed time since the Underlying Fund was suspended. The Underlying Fund Liquidation was triggered on 30 July 2025 (the “Underlying Fund Liquidation Date”).

Under Article 5 of the Articles of Incorporation of HGIF, the Board has authority to liquidate any of HGIF sub-funds if a change in the economic or political situation relating to the sub-fund concerned would justify such liquidation or if laws and regulations applicable to HGIF or any of its sub-funds so justifies it.

The Underlying Fund’s net-assets comprised two portions, being (i) the liquid assets mainly comprised of cash held by the Underlying Fund (the “Underlying Liquid Assets”) and (ii) the Russian securities held by the Underlying Fund (the “Underlying Russian Assets”).

As of 25 February 2022, being the latest valuation date which was available for the Underlying Fund prior to the suspension, the assets under management of the Underlying Fund were valued at approximately USD 84 million; of which the Underlying Liquid Assets were valued at USD 6.4 million, and the Underlying Russian Assets valued at USD 77.6 million.

During the suspension period, HSBC Investment Funds (Luxembourg) S.A. (the “Underlying Fund Management Company”) together with the Board have responsibility for monitoring the appropriateness of the valuation of the Underlying Fund based on the prevailing market indicators. As of 30 May 2025, the assets under management of the Underlying Fund were valued at approximately USD 12.99 million, with the Underlying Russian Assets valued at zero and the Underlying Liquid Assets were valued at USD 12.99 million.

Details of the Underlying Fund Liquidation

The Underlying Fund Liquidation will initially only involve the disposal of the Underlying Liquid Assets and will not automatically involve the disposal of any of the Underlying Russian Assets, owing to their lack of liquidity as a result of sanctions. This approach aims at ensuring the distribution of Underlying Liquid Assets to investors of the Underlying Fund and preservation of any potential future value of the Underlying Russian Assets.

During the Underlying Fund Liquidation, the Underlying Russian Assets will continue to be valued in accordance with the valuation principles set out in the HSBC Global Investment Funds Prospectus (as of 27 June 2025 the Underlying Russian Assets were valued at zero). The Underlying Russian Assets will continue to be held under the current custodian arrangement of the Underlying Fund until they are sold and realised. Once it becomes possible to do so, the investment adviser of the Underlying Fund will sell the Underlying Russian Assets, aiming to act in the best interests of investors.

Potential value of the Underlying Russian Assets resulting from any future upturn in circumstances will be preserved, with net liquidation proceeds distributed on an ad-hoc basis once sanctions are lifted and the Russian stock market normalises, on pro-rata portion of investors' holdings in the Underlying Fund as at the Underlying Fund Liquidation Date.

The Underlying Fund will remain suspended to trading and will not accept redemption and/or switch out requests from the Underlying Fund Liquidation Date. Any previously received requests since 28 February 2022 up to and including the Underlying Fund Liquidation Date have automatically been cancelled.

Costs in relation to the Underlying Fund

There are no unamortised preliminary expenses in relation to the Underlying Fund.

All operating costs in relation of the management of the Underlying Fund since the suspension have been borne by the Underlying Fund Management Company, and not the Underlying Fund. All legal and administrative costs in relation to the Underlying Fund Liquidation, including minimised ongoing operating costs until such time as the Underlying Fund assets are sold, will also be borne by the Underlying Fund Management Company and not the Underlying Fund.

HGIF state that there will be no costs charged to the Underlying Fund after the Underlying Fund Liquidation Date other than transaction costs for selling off the Underlying Russian Assets. These transaction costs will be deducted from any potential future liquidation proceeds from the sale of the Underlying Russian Assets. These transaction costs are unknown by HGIF presently and will be calculated with reference to market conditions and the Underlying Fund portfolio at the appropriate time.

Further information in relation to these costs will be provided by HGIF at such time some/all of the Underlying Russian Assets are able to be sold favourably and will be communicated by FPIL to affected policyholders accordingly.

Distribution of liquidation proceeds from the Underlying Fund to policyholders of the Affected Mirror Fund

Following receipt by FPIL of the distribution of Underlying Liquid Assets (the "Liquidation Proceeds"), we have calculated the amount to be allocated to your policy or contract (the "Liquidation Proceeds Distribution"), on a pro-rata basis, based on your unit holding in the Affected Mirror Fund as at the Underlying Fund Liquidation Date.

Because the Underlying Fund remains suspended to redemption and switch-out requests, the Affected Mirror Fund also continues to be suspended and zero priced. **The Liquidation Proceeds Distribution has therefore been applied to your policy on 14 August 2025, by way of a unit allocation to an alternative investment-linked fund in the FPIL range, free of charge.**

The fund we selected to receive the Liquidation Proceeds Distribution is **H45 JPM USD Money Market VNAV** (the "Default Mirror Fund"); please refer to the enclosed Appendix for information regarding the Default Mirror Fund.

As disclosed in the Terms and Conditions, your policy can currently hold up to a maximum of 10 funds. Where a policy already holds the maximum permissible 10 funds, the allocation has instead been applied to the mirror fund holding on your policy with the highest value.

Whilst appropriate due diligence has been carried out on the Default Mirror Fund, we do not accept any liability for the future performance of this, or any other FPIL funds.

Impact of the Underlying Fund Liquidation on holdings in the Affected Mirror Fund

The notional units of the Affected Mirror Fund that you hold remain unchanged after the Liquidation Proceeds Distribution and are expected to remain unchanged until further notice. The Affected Mirror Fund will continue to be valued at zero and suspended to redemption and switch-out requests. Any instructions to redeem or switch out of the Affected Mirror Fund which have been submitted since 28 February 2022, or which are received until further notice, will automatically be cancelled.

Liquidation proceeds from the Underlying Russian Assets

Any proceeds from the sale of the Underlying Russian Assets, after deduction of associated transaction costs, that FPIL receive from the Underlying Fund will be distributed to policyholders in proportion to their unit holding in the Affected Mirror Fund as at the Underlying Fund Liquidation Date.

We will contact affected policyholders with further information as and when HGIF provide us with material updates regarding the Underlying Fund and the Underlying Russian Assets. HGIF confirm communications in relation to the Underlying Fund will be sent at least annually, and on an ad-hoc basis if there is a material change in circumstances, or if some/all of the Underlying Russian Assets have been sold.

Your options

You can choose to switch the units applied to your policy in respect of the Liquidation Proceeds Distribution to a different fund in the FPIL range if you wish to do so. This can be done online through the FPI Portal - simply log in at <https://portal.fpininternational.com>.

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

FPIL Fact sheets are available through our *Hong Kong Offshore designated* interactive Fund centre research tool on our website for the alternative funds available to you www.fpininternational.com/fundcentre. Full details on the underlying funds into which the FPIL fund range invests can be found in the fund prospectuses which are available from the fund managers of the corresponding underlying fund of the mirror funds.

Getting in touch

If you have any questions regarding your policy, please get in touch by calling us on +44 1624 821212, or by email at customer.services@fpiom.com.

If you have any questions regarding the operation of the FPIL funds or the underlying funds, please contact our Investment Marketing team at Fundqueries.Intl@fpiom.com.

Yours sincerely



Chris Corkish
Head of Investment Marketing

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.

Appendix – Default Mirror Fund

	Default Mirror Fund
Name and code of Default Mirror Fund	H45 JPM USD Money Market VNAV
Name of underlying fund	JPM USD Money Market VNAV Fund
Underlying fund umbrella	JPMorgan Funds
ISIN code of underlying fund	LU0945454980
Share class of underlying fund	A Accumulation
Currency of Default Mirror Fund and underlying fund	USD
Investment objective summary of underlying fund <i>Any terms not defined herein shall have the same meaning as set out in the current prospectus of the underlying fund</i>	The underlying fund seeks to achieve a return in the underlying fund's base currency in line with prevailing money market rates whilst aiming to preserve capital consistent with such rates and to maintain a high degree of liquidity, by investing in USD denominated short-term money market instruments, eligible securitisations, asset backed commercial paper, deposits with credit institutions and reverse repurchase transactions
Annual management charge of the underlying fund	0.25% per annum of net asset value of underlying fund
Ongoing charges figure of the underlying fund over a year	0.40% per annum <i>The ongoing charges figure is based on the annualised expenses for the period from 1 July 2024 to 31 December 2024 and may vary from year to year.</i>
FPIL risk/reward profile*	1

*The risk/reward profile is determined by FPIL from information provided by the underlying fund houses and is based on the following characteristics of the underlying fund:

- Volatility
- Asset type; and
- Geographical region

The risk/reward profile will be reviewed and, if appropriate, revised at least yearly by FPIL as a result of our ongoing research analysis.