

## HSBC Corporate Money Funds Limited (the “Company”)

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO WHAT ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, ATTORNEY, ACCOUNTANT OR OTHER PROFESSIONAL ADVISOR.

**DIRECTORS:**

Mr. L. Anthony Joaquin  
Ms. Julie E. McLean  
Ms. Faith A. Outerbridge  
Mr. Anthony T. Riker  
Mr. Paul Dawe

**REGISTERED OFFICE:**

37 Front Street  
Hamilton HM 11  
Bermuda

8th January 2020.

Dear Shareholder,

**Re: HSBC Corporate Money Funds Limited (the “Company”)**

We are writing to advise you of changes being made to the Company’s offering of Shares and its Prospectus with effect from 8th February 2020 (the “Effective Date”). Terms not otherwise defined herein shall have the meaning set out in the Company’s Prospectus dated 18th October 2018, as may be amended from time to time (the “Prospectus”), a copy of which can viewed at <https://www.assetmanagement.hsbc.bm..>

It has been determined by the Board of Directors of the Company that it is in the best interest of the Shareholders of the Company to make the following changes:

1. Share Class X- Termination.

As the offering of Share Class X has terminated with effect as of 23<sup>rd</sup> July 2018, reference to this Share Class will be removed from the Prospectus;

2. Nominee Company.

Addition of Nominee Company wording to clarify to investors whom invest via a Nominee Company that the Company will deal with the Nominee Company as the registered shareholder.

3. Mechanism to deal with Negative Net Yield and/or Negative Gross Yield.

The Directors of the Company currently have the ability, from time to time, to affect compulsory redemptions of distributing Share Classes in order to manage Negative Yield events (as such term is defined in the Prospectus) (“Stabilization Redemptions”). Stabilization Redemptions permit the Company to stabilize the Net Asset Value per Share of the distributing classes at a net asset value per share of the accumulated classes at 1.00 during times of volatility.

The Board of Directors of the Company intends to amend the Prospectus to remove the ability for the Company to affect Stabilization Redemptions. In its place, the Company will implement a new mechanism to deal with Negative Yield events whereby the Shares of the distributing share classes may be automatically exchanged by the Board of Directors (with no action by holders thereof) for an equivalent monetary value of Shares in dedicated accumulating share classes (created as of the date of the exchange) in the event the Company experiences a Negative Yield event.

It is anticipated that the Prospectus will be updated to provide as follows:

“Where a Negative Net Yield and/or Negative Gross Yield environment creates potential issues for any Fund Distributing Share Classes which seeks to maintain the Distributing Share Classes in the Fund at a constant Net Asset Value per Share, the Directors, upon the provision of 14 calendar days' notice to Shareholders of the relevant Class, may implement a conversion of that Class to an Accumulating Share Class. Where such a conversion is implemented, the Classes affected will change their dividend policy to that of an Accumulating Share Class. Accumulating Share Classes may be quoted up to eight decimal places unless otherwise notified to Shareholders. The Negative Yield will be accrued into the Net Asset Value and accordingly, the Net Asset Value per Share will not remain constant. Capital may be eroded. The Directors may reverse the conversion such that the A, B, C and I Classes in the Low Volatility Money Market Fund which are operating as Accumulating Share Classes may convert to Distributing Share Classes where the yield environment so permits.”

**What are the implications should the Company convert the distributing share classes to accumulating share classes?**

The distributing share classes price at 1.00. The dedicated accumulating share classes will initially be priced at 1.00, but with eight decimal places rather than two and will have a fluctuating instead of constant Net Asset Value. The main reason for the decimal change is to make sure there are enough significant figures to accurately reflect small daily interest accruals.

Operationally there should be very little difference for clients. The dedicated accumulating share classes will continue with the same day settlement, the same dealing cut-off times, unchanged ISINs and no change in investment risk. They will however, have fluctuating Net Asset Value based on market conditions.

The new Prospectus will be made available in due course following Bermuda Monetary Authority approval and will be published on <https://www.assetmanagement.hsbc.bm>.

If you are not in agreement with the changes to the Company set out herein, you may redeem your shares in the Company prior to the Effective Date, being on or about 8th February 2020. The procedure for redemption of your shares remains unchanged and is set out in the Prospectus.

Should you have any questions in relation to these changes, please do not hesitate to contact your HSBC Bank Bermuda Limited relationship manager on telephone: (441) 299-5959 and they will be happy to speak with you.

Yours faithfully,



Paul Dawe  
Director and Chairman