

January 2020



T Series Mutual Funds

A higher, predictable, monthly cash flow solution

Are you approaching retirement? Maybe you've already left work. Or maybe you've accumulated a pool of assets and want to access a regular stream of money to help finance the "extras" in your life. Whatever your situation, when you're ready to make a steady withdrawal of cash from your investments, you may want to consider investing in T Series from HSBC.

What is T Series?

T Series is a mutual fund series that's designed to provide a higher, predictable and potentially more tax-efficient cash flow to investors than other mutual fund series. It does this by paying a fixed distribution rate, which is a percentage of the fund's assets. When there isn't enough investment income (e.g. interest income, dividend income and capital gains) to meet the fixed distribution rate, the fund will distribute return of capital – meaning the fund will return a portion of the investor's original investment or capital, which is generally not taxable – to top up the distribution.

Key benefits



Higher distributions

At a distribution rate of 4.5%, it offers a higher distribution than our other mutual fund series



Predictable cash flow

Provides a predictable stream of monthly distributions, so you can plan more effectively



Tax efficiency

Cash flow from T Series is potentially more tax-efficient due to return of capital

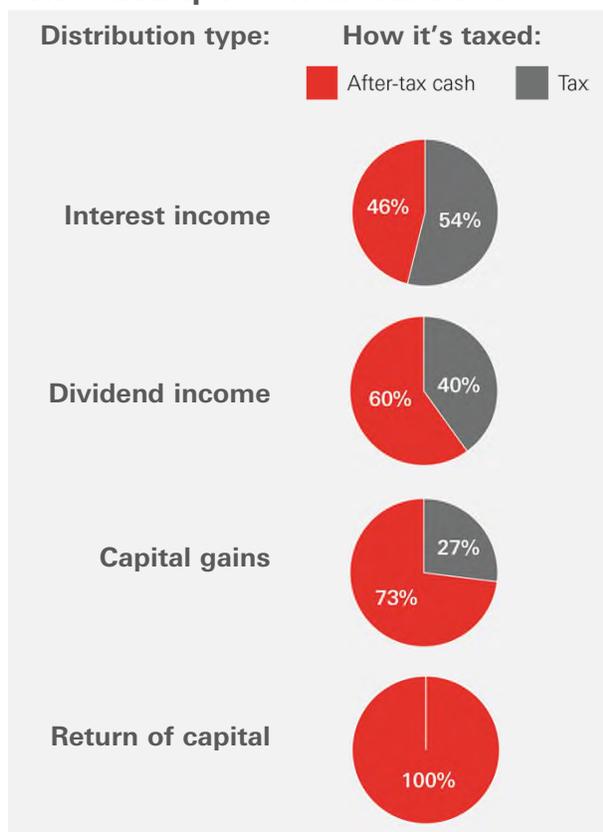
Who should invest in T Series?

- Investors looking for a steady, reliable monthly cash flow from their investments held outside of a registered plan
- Retirees seeking higher cash flow while minimizing potential government pension clawbacks, as return of capital generally does not increase investors' taxable income
- Existing investors of HSBC Monthly Income Funds who are looking for higher cash flow



HSBC
Global Asset
Management

The tax impact on distributions



For illustrative purposes only. The chart above is an example demonstrating the tax impact of each type of distribution and shows the after tax value of \$100 for the different types of mutual fund distributions for an investor who is taxed at the highest combined federal and provincial marginal tax rate for Ontario for 2019 from KPMG Tax Facts as at June 2019. Percentages are rounded in the diagram.

A note about return of capital

While return of capital is generally not taxed, it is important to be aware that it does reduce a unitholder's adjusted cost base (ACB).

Why does this matter?

ACB is the tax cost of your investment. Each time you receive return of capital, your ACB will decrease by the same amount.

The ACB is used to calculate the amount of capital gain or loss when you eventually sell units of your fund.

When your adjusted cost base is reduced to nil, the return of capital you receive will be taxed as capital gains.

To learn more, contact your Mutual Funds Advisor today.

2020 distribution rates for T Series vs. others

	Investor T*	Investor**	Premium T*	Premium**
HSBC Monthly Income Fund	3.76 cents/unit	2.00 cents/unit	3.77 cents/unit	2.50 cents/unit
HSBC U.S. Dollar Monthly Income Fund	3.67 cents/unit	1.57 cents/unit	3.67 cents/unit	1.84 cents/unit

* The distribution amount per unit will change each year based on the December 31 closing net asset value (NAV) per unit.

** Distributions are effective as of December 31, 2019 and may change in the future

Important information

HSBC Global Asset Management (Canada) Limited ("AMCA") is a wholly owned subsidiary of, but separate entity from, HSBC Bank Canada. HSBC Investment Funds (Canada) Inc. ("HIFC") is a direct subsidiary of AMCA and an indirect subsidiary of HSBC Bank Canada, and provides its services in all provinces of Canada except Prince Edward Island.

AMCA is the manager and primary investment advisor for the HSBC Mutual Funds. HSBC Investment Funds (Canada) Inc. is the principal distributor of the HSBC Mutual Funds. HSBC Mutual Funds are also distributed through authorized dealers. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus and Fund Facts before investing. Mutual funds are not guaranteed or covered by the Canada Deposit Insurance Corporation, HSBC Bank Canada, or any other deposit insurer or financial institution. The net asset values of all mutual funds, including the HSBC Mutual Funds, change frequently and past performance may not be repeated.

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