

HSBC Asset Management Unconstrained (Foreign Currency) Fund (HDB)

This Basic Information Document and Prior Information Form has been prepared to ensure that investors comprehend the structure, fundamental features and risks of the mutual fund and take their investment decisions in a more deliberate manner. This document is not a sales or marketing document. This document has been prepared to ensure that investors understand the fundamental features and potential risks of the fund. It is recommended that investors take a decision after reading this document.

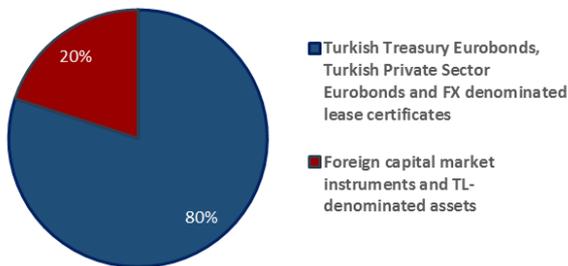
About Fund

This fund is subject to HSBC Asset Management Unconstrained Umbrella Fund and managed by HSBC Asset Management A.Ş. which is an entity of HSBC Group. This fund was established for customers of HSBC who are willing to take “**High Risk**” and is managed in accordance with long term investment horizon. For this reason it may not be suitable for the investors who are willing to leave the fund in short term.

Goals and Investment Strategy of Fund

- Investment purpose of this fund is to obtain interest income in US dollars by investing in the Turkish Republic issued public and private sector Eurobonds and lease certificates denominated in foreign currency. The price of the fund is announced in two currencies (TL and USD).
- Fund invests at least 80% of its portfolio to Turkish Treasury Eurobonds, Turkish Private Sector Eurobonds and FX denominated lease certificates. With the remaining portion, foreign capital market instruments and TL-denominated assets may be included in the fund portfolio.
- Due to its umbrella structure in accordance with local legislation, the Fund can only be invested by Qualified Customers.
- HSBC Asset Management A.Ş. is responsible for determining the financial instruments to be invested in.

Asset Allocation of the Fund



Threshold Value of the Fund

%100 BIST-KYD¹ 1 Month Deposit USD (TL) Index

Footnote1: KYD stands for TURKISH INSTITUTIONAL INVESTMENT MANAGERS’ ASSOCIATION, all indices announced by this institution can be found at www.tkyd.org.tr.

Risk Profile of Fund

HSBC Asset Management Unconstrained (Foreign Currency) Fund is compatible with the risk profile of customers who are willing to take “**High Risk**”. It is possible to have capital loss in HSBC Asset Management Variable Fund. HSBC Asset Management A.Ş. does not guarantee any return to customer.

It should be noted that not all the funds have the same risk grade. The ones that have higher-than-average risks potentially offer higher returns but there is also a probability of loss. Although the riskier funds have a higher probability of loss, they may offer higher returns when the market tends to grow.



No Investment Risk	Very Low Risk	Low Risk	Moderate Level Risk	High Risk	Very High Risk
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Since this fund is an unconstrained fund, there is no Investor Information Form, but the risk value of the funds in the investor information forms including risk value of this fund can be found in the fund information section of www.kap.org.tr

Management Fee and Commission

Annual management fee of the fund is 1%. Fund management fee is calculated daily over total fund amount with determined management fee ratio. There is no subscription/redemption fee, commission or performance premium for this fund.

Details of account opening, maintenance and custody fees and commissions paid to Central Registry Agency (“CRA”) for the operations performed on behalf of investors for mutual fund transactions can be found on http://www.hsbc.com.tr/eng/retail_banking/interest_rates_and_fees/fees.asp#6. All of the specified fees and commissions are transferred to CRA as income.

Tax

HSBC Asset Management Unconstrained (Foreign Currency) Fund is subject to 10% withholding tax for real

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persons and subject to 0% withholding tax for corporates. Gains derived by companies other than joint stock companies, companies limited by shares and limited companies and foreign companies with the same characteristics; are subject to 10% withholding tax

Subscription and Redemption Principles

- Subscription orders given between 09:00-13:30 on the working days will be realized with the share price announced same night and orders will be executed next morning (T+1).
- Redemption orders given between 09:00-13:30 on the working days will be realized with the share price announced same night and the order will be executed on the next third working day (T+3).
- One working day will be added to the above for the realization of subscription and redemption orders given between 13:30-15:00.
- Fund purchase order can be given in TL or USD. Funds can be withdrawn by making a redemption order in the same currency with the purchase order was placed.
- When you want to buy funds by currency TL, the amount is invested in HSBC Asset Management Money Market Fund and is kept in your account until fund shares are transferred to your account. If the amount you wish to purchase is lower than the unit price of the money market fund, no money market fund is sold for the purpose of accretion of interest and your balance will be kept in your account until the amount of your deposit is transferred to your account.
- For HSBC Asset Management Unconstrained (Foreign Currency) Fund (HDB) purchase orders placed in USD, money market fund is not sold with the purpose of accretion of interest.
- Subscription and redemption orders can be given through HSBC Bank branches.
- Current fund prices can be found in HSBC branches, internet, telephone, mobile banking and ATM.
- Your fund shares are registered and monitored in the account by MKK (Central Securities Depository) personally opened for you in dematerialized form.
- This fund is not traded on Turkey Electronic Fund Distribution Platform (TEFAS).

Restrictions on Sale of Investment Products to the Residents of US and Canada

According to international and HSBC Group regulations mutual funds could not be offered to the customer who is classified and defined as a U.S. resident (includes the United States of America and all states, the District of Columbia, American Samoa, Puerto Rico, Guam, The Commonwealth of the Northern Mariana Islands, and the US Virgin Islands) or Canadian resident. Our customers should inform HSBC Bank A.S. and/or HSBC Securities A.S. in case of becoming U.S. or Canada resident.

Fundamental Risks for Mutual Funds

Market Risk: Market risk is defined as the risk of loss in value of the fixed income financial instruments, equities, other securities, derivatives positions based on FX and financial instruments based on FX due to fluctuations on FX rates, share prices and interest rates.

Interest Rate Risk: If interest-based assets (borrowing instruments, reverse repo, etc.) are included in the fund portfolio, it represents the risk arising from changes in the interest rates in the market.

Exchange Risk: Represents the possibility of loss that might arise due to fluctuations in exchange rate, in case foreign currency denominated assets exist in fund portfolio.

Partnership Share Price Risk: In case the partnership share is included in the fund portfolio, it represents the probability of loss that the portfolio will be exposed to due to changes in the prices of partnership shares in the fund portfolio.

Precious Metals and Commodity Price Risk: In case the precious metals and / or commodity based capital market instruments are included in the fund portfolio, it represents the probability of loss that the portfolio will be exposed to due to changes in the price of precious metals or commodities.

Counterparty Risk: The possibility of the non-payment risk, in case when the counterparty does not want to and/or cannot fulfil its duties specified on the agreement, or due to consequences of any inconveniences that may arise during the settlement process.

Liquidity Risk: The possibility of loss that arises in case the investment products held within the fund's portfolio could not be liquidated into cash with market price when required.

Leverage Risk: The possibility of losing more than the initial investment amount of the fund due to usage of the

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initial investment amount to open bigger positions, by investing in derivative instruments (futures and option contracts), embedded derivatives, SWAP contracts, warrant, certificate, or by creating leverage through bills/bonds with future value-date, gold transactions or any other method.

Operational Risk: The possibility of loss due to disruption in the fund's operational processes. In house factors like; inadequacy of systems used, unsuccessful management, incorrect or fraudulent transactions of staff and factors like natural disasters, conditions of competition, changing politic structure can be causes of operational risk.

Concentration Risk: Represents the risks that might arise due to intensive investment in a certain asset and / or maturity.

Correlation Risk: It is the probability of loss that may arise due to positive or negative relations of at least two different financial assets in parallel with the simultaneous appreciation or loss of different financial assets under market conditions.

Legal Risk: The risk that the fund's shares may be adversely affected by the changes that may occur in the legislation and regulation of regulatory authorities after the sale.

Issuer Risk: The possibility of loss arising from the failure of the issuer of the assets included in the fund portfolio to fulfil its obligations in whole or in part.

Country Risk: A combination of economic, political and regulatory risks in a country.

Ethical Risk: The risk of fraud, misconduct, embezzlement, theft, deliberate actions that may harm the Fund or crimes that may adversely affect the reputation of the Founder (e.g. money laundering).

Collateral Risk: It arises when investing in investment instruments based on credit risk and similar hidden derivatives; the investor undertakes the default risk of the reference country / company against the seller and gains a high return in return. If the credit valuation performance of the reference country / company experiences a deterioration above a certain level, the investor may have to make additional collateral payments.

Structured Investment Instruments Risk: In case of unexpected and unusual developments, investments in structured investment instruments can be lost within the term or at the end of the term.

Option Sensitivity Risks: It defines the various sensitivity risks regarding option instruments.

Base Risk: This is the price difference between the current value of the futures contracts and the value of the related financial instrument spot price.

Short Selling Risk: Short selling risk refers to the possibility of higher loss than the initial investment of the fund.

Not an Investment Advisory

Investors should select the most suitable funds for themselves according to their risk-return preferences. On condition that it is consistent with the customer's risk profile, General Investment Advice can be provided only for HSBC Asset Management A.Ş. mutual funds traded on Turkey Electronic Fund Distribution Platform (TEFAS) and HSBC Asset Management Money Market Fund and HSBC Asset Management Short Term Fixed Income Fund that are not traded on TEFAS, but Investment Advice and Portfolio Management services are not provided by HSBC Bank A.Ş.

The readers should be aware that they are self-responsible for evaluating and analyzing the underlying instruments, investments and transactions in this document and the information herein should not be considered as investment advisory.

HSBC is not responsible for advising on the topics related to law and tax or any other fields that needs expertise. This document does not contain any opinion on value or suitability of any instruments. An investment may not meet all initial targets and conditions and in case of a hesitation, it is recommended to ask for opinions and advices from professional investment consultants.

Guarantee Amount of Investor Compensation Center

Mutual Funds are under the protection of Investor Compensation Center up to a predetermined announced amount for each investor in accordance with Capital Markets Board regulations. This amount is increased each year by revaluation coefficient. Individuals and institutions excluded from the compensation scope are not subject to this guarantee.

More Detailed Information About the Fund

Prospectus, circulations and internal statute of the Funds can be found at www.hsbcportfoy.com.tr and HSBC Bank A.Ş. branches. Investors should consider the conditions mentioned in prospectus and internal statute of the fund before they invest in the fund.

Withdrawal Right: This product cannot be withdrawn.

Legal Warning

HSBC Bank A.Ş. is authorized by Banking Regulation and Supervision Agency (BRSA) for banking activities and is

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authorized by Capital Market Board (CMB) for capital market activities. HSBC Securities A.Ş. and HSBC Asset Management A.Ş. are authorized by CMB for capital market activities. All of these affiliates of HSBC are subject to supervision and scrutiny by those institutions. HSBC Bank A.Ş. and HSBC Securities are members of stock exchange to make transactions on BİST authorized by Borsa İstanbul A.Ş. The phrase of HSBC stands for HSBC Bank A.Ş., HSBC Securities and HSBC Asset Management and the main shareholder in which these are included. Active Distribution Agreements have been signed between HSBC Asset Management A.Ş., HSBC Bank A.Ş. and HSBC Securities A.Ş. in order to ensure that mutual funds whose founder is HSBC Asset Management A.Ş. can be distributed by HSBC Bank A.Ş. and HSBC Securities A.Ş. However, this mutual fund cannot be traded from HSBC Securities account. This basic information document and prior information form consists of indicative terms and is prepared for introductory purposes.

General Information

In accordance with legislation of European Commission, mutual fund buy order of customers located in one of the EEA (European Economic Area) countries might not be executed. In case any change occurs in the legislation mentioned here, the amendment will become effective and you will be informed at the stage of order placement accordingly.

The product's risks should be considered before investing in Mutual Funds. All these conditions specified in this document can change in the future. This document is for product and/or service presentation and it cannot be partially or completely replicated or distributed without HSBC Bank A.S.'s permission or any legal obligation.

By signing this document you will be accepted as you have taken, read and understood the terms, provisions and information in the Basic Information Document and Prior Information Form of mutual fund you have demanded and whose descriptions can be found above.

A copy of the Basic Information Document and Prior Information Form is given to you.

HSBC BANK A.Ş.
Esentepe Mah. Büyükdere Cad. No:128 Şişli 34394 İstanbul Registration
Address: Esentepe Mah. Büyükdere Caddesi No:128 Şişli 34394 İstanbul
MERSİS No: 0621002428200197
Tel : 0212-3764000 Fax: 0212-3362939/3362638/3362141/3362260
www.hsbc.com.tr

HSBC ASSET MANAGEMENT A.Ş.
Esentepe Mah. Büyükdere Cad. No:128 Şişli 34394 İstanbul Registration
Address: Esentepe Mah. Büyükdere Caddesi No:128 Şişli 34394 İstanbul
MERSİS No: 8871-5953-4267-7462 Tel : 02123764600 Fax: 0212-3362472

Customer Name Surname:

Date:

Customer Signature: