

## Form ADV Part 2A

### **FIRM BROCHURE**

#### **HSBC GLOBAL ASSET MANAGEMENT (USA) INC.**

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This brochure provides information about the qualifications and business practices of HSBC Global Asset Management (USA) Inc. If you have any questions about the contents of this brochure, please contact us at (212) 525-4588. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about HSBC Global Asset Management (USA) Inc. also is available on the Securities and Exchange Commission’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

HSBC Global Asset Management (USA) Inc. is a registered investment adviser. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

## Item 2 Material Changes

Effective February 28, 2012, HSBC Investor Funds changed its name to HSBC Funds.

HSBC Global Asset Management (USA) Inc launched three new funds. HSBC Frontier Markets Fund was launched on September 2, 2011, HSBC Income Strategy Fund was launched as part of the World Selection Funds on February 28, 2012, and HSBC Total Return Fund was launched on March 30, 2012. Additionally, during the 2<sup>nd</sup> Quarter of 2012, HSBC RMB Fixed Income Fund was launched on June 8, 2012.

HSBC Global Asset Management (USA) Inc. amended and/or added the following fee schedules for several separate account strategies as described below:

### Emerging Markets Fixed Income-Core

1 <sup>st</sup>	\$100 million:	0.60%
Next	\$150 million:	0.50%
Next	\$250 million:	0.40%
From:	\$500 million to \$10 billion	0.30%
Performance fee: 0.40% flat fee with a 20% annual performance fee (net of the base fee) above the agreed upon benchmark.		

### Emerging Markets Fixed Income –Local Debt

1 <sup>st</sup>	\$100 million:	0.65%
Next	\$150 million:	0.55%
Next	\$250 million	0.45%
From:	\$500 million to \$10 billion	0.35%
Performance fee: 0.45% flat fee with a 20% annual performance fee (net of the base fee) above the agreed upon benchmark.		

### Emerging Markets Fixed Income –Total Return

Performance fees:

Less than \$200 million: 0.75% flat fee with a 20% annual performance fee (net of the base fee) above the relevant money market rate.

Over \$200 million: 0.50% flat fee with a 20% annual performance fee (net of the base fee) above the relevant money market rate.

### Emerging Markets Fixed Income – Investment Grade

1 <sup>st</sup>	\$100 million:	0.45%
Next	\$150 million:	0.40%
Next	\$250 million	0.35%
From:	\$500 million to \$10 billion	0.30%

Fee schedule amendments for separate account strategies (cont'd):

Emerging Markets Fixed Income – Corporate Debt

1 <sup>st</sup>	\$100 million:	0.70%
Next	\$150 million:	0.60%
Next	\$250 million	0.50%
From:	\$500 million to \$10 billion	0.40%

U.S. Short Duration

Total Assets:	0.10%
Minimum AUM of \$100 million and minimum annual fee of \$150 thousand	

U.S. Low Duration

1st \$250 million:	0.15 %
Next \$250 million:	0.11%
Next \$500 million:	0.09%
From: \$1 billion to \$2 billion:	0.08%
From: \$2 billion:	0.07%
Minimum AUM of \$100 million and minimum annual fee of \$150 thousand	

Liquidity (Cash) Mandate

1st \$250 million:	0.15 %
Next \$250 million:	0.11%
Next \$500 million:	0.09%
From: \$1 billion to \$2 billion:	0.08%
From: \$2 billion:	0.07%
Minimum AUM of \$100 million and minimum annual fee of \$150 thousand	

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## Item 4

### Advisory Business

#### **General Description of Advisory Firm**

HSBC Global Asset Management (USA) Inc. (“AMUS”) is 100% directly owned by HSBC Bank USA, N.A. and is indirectly owned by HSBC Holdings plc (HSBC Group). HSBC Holdings Plc. is a publicly owned corporation based in London, U.K. and trades on various stock exchanges around the world. AMUS is registered with the SEC as an investment adviser pursuant to the Investment Advisers Act of 1940, as amended. (the “Advisers Act”).

AMUS is an entity within HSBC Global Asset Management, which is made up of a group of companies in many countries and territories throughout the world that are engaged in investment advisory and fund management activities. AMUS has been in business since January 29, 1986.

#### **Types of Advisory Services**

AMUS provides advisory services to clients in several major markets and is a multi-product provider of investment and fund management services. For institutions, AMUS provides active and tailored portfolio management on a global, regional, asset-class and country specific basis. AMUS also serves as investment adviser to U.S. registered investment companies.

AMUS provides investment advisory services which include U.S. fixed income and Emerging Markets fixed income (including Asia, Latin America, Eastern Europe, the Middle East and Africa). Clients may sign investment advisory agreements directly with AMUS. AMUS may also provide investment advisory services through sub-advisory agreements with various affiliated and unaffiliated companies.

Internationally, AMUS may manage accounts pursuant to sub-advisory agreements with affiliated entities whereby the affiliated entity manages funds in the geographic regions or area of specialty closest to the market within an investment mandate. In these relationships AMUS provides investment advisory services to clients who sign an Investment Advisory Agreement directly with AMUS, or may act as sub-adviser for clients who sign Investment Advisory Agreements with other affiliated companies. AMUS can delegate investment management responsibilities, through sub-advisory agreements, to other affiliated companies and vice versa. The client service relationship is generally maintained in the country where the client is located. International investment advisory services and products delegated by AMUS to other companies may include: U.S. index based equities, Asian equities, Pacific Basin equities, Japanese index based equities, United Kingdom equities and fixed income, Continental European equities, international equities, Global Emerging Markets equities and global fixed income. In instances where AMUS delegates investment management responsibility through sub-advisory agreements to affiliated companies, AMUS generally maintains the client relationship and handles administrative matters.

In addition, AMUS provides investment advisory services involving investment manager and fund selection services on a non-discretionary basis (“Multimanager Services”). Multimanager Services generally include identifying third party investment managers and mutual funds that are believed to be preferred investment managers/funds within their asset class in terms of such factors as performance, reputation, organization, management and other factors using a qualitative and quantitative search process (“Selected Investment Managers/Funds”). Multimanager Services also generally include, ongoing monitoring of Selected Investment Managers/Funds, periodic reporting, maintenance of reserve lists of investment managers and funds and assistance with operational arrangements and terms for engagement of the investment managers. Selected Investment Managers/Funds may also include AMUS and its affiliates. Additionally, Multimanager Services are provided to AMUS’ affiliates.

AMUS serves as an investment adviser or sub-adviser for several offshore fund products. These offshore funds are not registered in the U.S. and are generally not offered for sale or sold in the U.S., except in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended.

AMUS also provides support to the adviser to a privately placed Shariah-compliant global real estate investment product, which is sponsored by its affiliate, HSBC Capital (USA) Inc. HSBC Amanah, a global Islamic banking division of the HSBC Group provides expertise in Islamic structures which complements the technical expertise of AMUS and other specialist and regional teams associated with the product’s strategy. AMUS’ affiliate HSBC Securities (USA) Inc. acts as the adviser to the fund manager and the fund companies and has responsibility for advising the fund manager and fund companies with respect to a range of activities relevant to the ongoing operation of the fund, including coordination of the review by the Shariah committee of (i) acquisition and ownership documentation, (ii) the annual audit and certification, (iii) the periodic review of property investments, (iv) the examination and pre-approval of tenant and underlying use of the property and (v) analysis and consideration of Shariah issues (vi) global distribution of Class B shares, (vii) credit review of potential tenants of Property Investments, (viii) foreign exchange matters pertaining to property investments, and (ix) potential and actual liquidity investments of the Fund.

AMUS acts as investment sub-adviser to affiliated investment advisers, which provide discretionary investment advisory services to certain of its clients as previously noted. AMUS renders continuous investment advice for the portions of the portfolios for which it is selected as sub-adviser, and has investment discretion with respect thereto, subject to review and supervision by the affiliated advisers.

AMUS also serves as investment adviser to a family of registered investment companies organized in the form of the master-feeder structure, the HSBC Portfolios, HSBC Funds (“HSBC Trust”), HSBC Advisor Funds Trust, (collectively, “HSBC Funds”). AMUS generally provides investment advice to institutional accounts which may include U.S. registered investment companies.

AMUS provides advisory services to the following series of funds within the HSBC Funds for which AMUS receives a fee.

**EMERGING MARKETS DEBT FUND** - The Fund seeks to maximize total return, comprised of capital appreciation and income, by investing in fixed income instruments of issuers that economically are tied to emerging markets.

**EMERGING MARKETS LOCAL DEBT FUND** - The Fund seeks maximum total return, comprised of capital appreciation and income, by investing in debt instruments issued by foreign governments, government agencies or corporations and denominated in local currencies of countries with emerging securities markets.

**RMB FIXED INCOME FUND** – The Fund seeks to maximize total return (comprised of capital appreciation and income) by investing principally in debt instruments that provide exposure to Renminbi ("RMB"), the official currency of the People's Republic of China ("China").

**FRONTIER MARKETS FUND** – The Fund seeks long term capital appreciation by investing primarily in equity securities of issuers located in frontier market countries.

**TOTAL RETURN FUND** – The Fund seeks to maximize total return (comprised of capital appreciation and income) by investing primarily in instruments of issuers that are economically tied to emerging market countries, including in derivative instruments. Investments will be made in emerging market local currency denominated instruments and in instruments denominated in the currency of a member country of the Organization for Economic Co-operation and Development ("OECD").

**GROWTH FUND** – The Fund seeks to achieve its investment objective of long-term growth of capital by investing all of its assets in the HSBC Growth Portfolio, which has the same investment objective as the Fund.

**OPPORTUNITY FUND** – The Fund seeks long-term growth of capital by investing in equity securities of small- and medium-sized companies that are expected to show earnings growth over time that is well above the growth rate of the overall economy and the rate of inflation. The Fund seeks to achieve its investment objective by investing all of their assets in the HSBC Opportunity Portfolio which has the same investment objective as the Fund.

**PRIME MONEY MARKET FUND** – The Fund seeks to provide liquidity and as high a level of current income as is consistent with the preservation of capital by investing primarily in bank certificates of deposit, prime commercial paper, corporate obligations, municipal obligations and U.S. Government securities.

**TAX-FREE MONEY MARKET FUND** – The Fund seeks to provide liquidity and as high a level of current income exempt from regular federal income tax as is consistent with the preservation of capital. The Fund will invest at least 80% of its assets in investments, the income from which is exempt from regular federal income tax. The Fund's investments may include variable securities, which have a variable interest rate or other features that give them the financial characteristics of short-term debt.

**U.S. GOVERNMENT MONEY MARKET FUND** – The Fund seeks to provide liquidity and as high a level of current income as is consistent with the preservation of capital by investing primarily in U.S. Treasury bills notes and bonds and issues of U.S. Government agencies.

**NEW YORK TAX-FREE MONEY MARKET FUND** – The Fund seeks to provide liquidity and as high a level of current income that is exempt from federal, New York State and New York City personal income taxes that is consistent with the preservation of capital. The Fund seeks to achieve its objective by primarily investing in a non-diversified portfolio of short-term, high quality, tax-exempt money market instruments.

**U.S. TREASURY MONEY MARKET FUND** – The Fund seeks to provide as high a level of current income as is consistent with the preservation of capital by exclusively investing in different obligations of the U.S. Treasury and certain repurchase agreements.

### **HSBC WORLD SELECTION FUNDS**

In addition, AMUS is the investment adviser for the HSBC World Selection Funds pursuant to an investment advisory contract with the HSBC Funds (the “Trust”). In rendering investment advisory services, AMUS may use the resources of affiliated, unregistered investment advisers. With respect to the provision of investment advisory services for the World Selection Funds, AMUS relies upon the services of HSBC Global Asset Management (UK) Ltd. (“HSBC UK”), an affiliated, registered investment adviser. In order for personnel of HSBC UK to provide portfolio management, research or trading advice to the Adviser’s U.S. clients, such as the World Selection Funds, AMUS and HSBC UK have entered into a memorandum of understanding (“MOU”). The Adviser may also utilize the research and expertise of other affiliates and third parties in managing the Fund’s investments.

The World Selection Funds are “fund of funds” that seek to achieve their investment objectives by investing primarily in Underlying Funds. The Underlying Funds may include mutual funds managed by AMUS, mutual funds managed by investment advisers that are not associated with AMUS and exchange-traded funds or exchange-traded notes. The World Selection Funds offer the following asset allocation Funds: HSBC World Selection Conservative Strategy Fund, HSBC World Selection Moderate Strategy Fund, HSBC World Selection Balanced Strategy Fund, the HSBC World Selection Aggressive Strategy Fund, and the HSBC World Selection Income Strategy Fund.

### **Investment Restrictions**

AMUS provides investment advisory services in accordance with the investment objectives, guidelines and restrictions agreed upon in advance with the client. Where AMUS is a sub-advisor to a mandate or an affiliate is a sub-advisor to an AMUS mandate, the responsibility of the investment manager is generally limited to the portion of the assets of the account under its management through the sub-advised agreement. Investment objectives and guidelines may be amended as agreed by the client and AMUS from time to time.

### **Wrap Fee Programs**



### Managed Portfolio Account Program

AMUS is the sponsor of a wrap fee account program, referred as the Managed Portfolio Account (MPA), which is a multi-product, fee-based separate account program. Services provided through MPA may be provided through a separately managed account (SMA) or unified managed account (UMA). MPA is designed to assist clients, including individuals, pension plans, profit sharing plans, and institutions, with the clarification of their investment preferences. It will also facilitate the acquisition of professional asset management and other services provided by AMUS, third party portfolio managers, mutual funds, and/or exchange traded funds (ETF's) for a convenient single "wrap" fee. UMA may provide, at the client's election, tax optimization services, at no additional cost, to U.S. persons, for U.S. taxes only. Please refer to Appendix 1 to Part 2A of Form ADV for details.

### HSBC World Selection Spectrum Account

AMUS sponsors the HSBC World Selection Spectrum Account ("Spectrum") which is a mutual fund asset allocation service open to U.S. citizens and residents. AMUS also sponsors the HSBC Offshore World Selection Spectrum Account ("Offshore Spectrum") which is a mutual fund asset allocation service open to qualified Non Resident Aliens, who reside in certain foreign jurisdictions, as approved by the Firm and in accordance with the local laws of those jurisdictions. The mutual funds made available through the HSBC Offshore Spectrum Account are not expected to be registered in the U.S.

Spectrum and Offshore Spectrum (collectively "the Programs") investors receive asset allocation, discretionary investment management, execution and custodial services with respect to the assets invested in the accounts. Investors are typically interviewed and assisted in completing a profile questionnaire (the "Profile") designed to elicit personal and financial information concerning the investor's financial circumstances, risk preference and tolerance, liquidity requirements and investment objectives. The Profile information is run through a computerized asset allocation program to generate recommended investment allocations. Assets in the Programs can be invested in ETFs and shares of open-end and closed-end investment companies some of which will generally be managed or advised by AMUS or an affiliate of AMUS. Upon the opening of a client's account (and at any time while a client's account is open), the client will be able to select from a variety of funds that have investment objectives and policies corresponding to such client's investment allocation. As noted above, some or all of the funds in which a client account may be invested (by the client or AMUS) may be managed or advised by AMUS or its affiliates (or be a fund for which AMUS otherwise provides services), in which case, AMUS or its affiliates will receive compensation from such fund in addition to the fee for the Spectrum service described below. To the extent AMUS selects the funds in which a client's account will be invested, the receipt of such additional compensation could create a conflict of interest for AMUS. AMUS discloses the additional compensation to clients of the Program as part of the application process.

The funds made available through the Programs include both third party funds and funds advised by AMUS and its affiliates. In order to select mutual funds for inclusion in the Programs,

Multimanager (a manager research group within HSBC Global Asset Management) typically uses a fundamental research approach that examines both quantitative and qualitative aspects of the unaffiliated funds and their managers. To the extent that the Investment Committee (“IC”) considers any investment products outside of those that have been selected by Multimanager, the IC will perform a level of due diligence that it considers appropriate. Due diligence may include a presentation from the portfolio manager or product specialist or similar subject matter expert that will describe factors that the IC may consider, such as the investment methodology employed, the experience of the team and performance history of the product or of similarly managed products.

Once selected, such funds will be monitored continuously and if any are identified as showing signs of becoming inappropriate as recommendations, they may be “suspended” (to allow Multimanager some time to further review the situation). A fund may be designated “suspended” if, for among other reasons, there is a change in portfolio management or if there is a change in investment process. In such instances, clients who open up accounts subsequent to the designation of a fund as “suspended” will not be able to make an investment allocation to such fund. However, current clients who have an allocation to a “suspended” fund at the time it is so designated will continue to have new investments allocated to the “suspended” fund. Such clients will receive a notice when a fund is “suspended.” Should the trends continue to be negative for a fund, that fund will be removed from the Program. Multimanager may also determine that a fund should be removed from the Program without first designating it as “suspended.” In either case a notice will be sent to all clients stating that the fund is being removed from the program. The notice will include a list of alternative fund selections as well as a replacement fund that will be used in the client’s account if no alternate is selected by the specified date.

ETF's may also be included in the program for certain asset classes. AMUS selects ETFs from within the range of index ETFs offered by unaffiliated Fund Management Groups (FMGs) that have been approved by Multimanager. For FMGs the approval process involves a significant amount of disclosure and transparency from participating fund companies and focuses on assessing key financial, organizational, and reputational factors. Each fund company is rated on the strength and appropriateness of policies and procedures and cross referenced against industry best practices. Multimanager provides ongoing due diligence on all FMGs whose investment options are included within Spectrum. If any FMG shows signs of becoming inappropriate, AMUS will be notified and take appropriate actions. Such actions may include removing the FMG's investment options from offerings for new accounts or removing those investment options from the program all together.

The asset allocations determined in connection with the initial Profile are periodically reviewed and may be modified based upon an updated assessment of the investor’s goals, preferences and instructions as well as market and economic circumstances. Modifications to the investment allocations may be made to reflect changes, communicated by the investor, in investment goals or financial circumstances. AMUS may reallocate assets at any time, without consulting the investor, in order to respond to market or economic circumstances, or to rebalance investments to restore the original allocation percentages in respect of equity, debt and cash or as contemplated above. Quarterly rebalancing, as well as the allocation of subsequent investments and partial

withdrawals is subject to minimum asset class thresholds. Modifications to investment allocations may include the introduction of new asset classes. Such new asset classes may include, but not be limited to, alternative investments, private equity and commodities. AMUS will have discretionary investment authority consistent with the Profile over the assets invested in the Programs, including discretion to allocate assets to securities other than shares of open-end and closed-end investment companies if AMUS determines that it is in the best interests of the client to do so. AMUS may utilize the services of third parties in performing its obligations in respect to the Programs. Spectrum and Offshore Spectrum are typically sold through broker dealers including broker dealers affiliated with AMUS and will be compensated by AMUS for such sales.

Orders for the Programs may be placed with brokers and dealers for the purchase and sale of investments for the accounts. Currently HSBC Securities (USA) Inc. (“HSBC Securities”), member NYSE/FINRA/SIPC, registered Futures Commission Merchant, a wholly-owned subsidiary of HSBC Markets (USA) Inc. and an indirect wholly-owned subsidiary of HSBC Holdings plc, acts as introducing broker in respect of the Programs, using the clearing and execution facilities of its third party clearing broker, Pershing LLC in respect of all securities transactions executed within a client’s account, subject in all cases to best execution obligations and applicable law. HSBC Securities or another financial intermediary will serve as custodian for accounts (the “Custodian”). HSBC Securities has entered into an agreement with Pershing LLC to perform as the custodian under the Programs.

Program accounts are generally managed in the same manner as other client accounts managed under similar investment strategies outside of the Program. The Programs offer a bundled asset based fee arrangement to clients of which AMUS retains a portion of the fees for its services.

### **Assets Under Management**

For the period ending 30 June 2012, AMUS’ assets under management were \$ 52,562,404,495 representing client assets managed on a discretionary basis.

## Item 5 Fees and Compensation

### Advisory Fees and Compensation

Generally, unless otherwise specified by the client, fees are charged quarterly in arrears with the exception of the MPA Program. For certain accounts, fees are calculated based on the account's average market value for the period. Average market value for the period is the average of the market values, or as of the first day of the period and the last day of each month within the period, as stated on the client's custodian statement. Fees for the initial billing, at the inception of the account, are prorated accordingly. If, during a period, the client makes a contribution to the portfolio, fees will be pro-rated accordingly. The value of securities in the client account is equal to the market value of the securities or in the absence of a market value, the fair market value as determined in good faith by the custodian.

In the event the client terminates an account or withdraws any funds from the portfolio, any fees owed to AMUS, unless otherwise noted in a client agreement, will be pro-rated accordingly, any fees that may have been prepaid previously by the client shall be refunded on a pro-rata basis based upon the number of calendar days remaining after the termination date in the period as to which fees may have been prepaid. The client or AMUS generally may terminate an investment advisory agreement at such time as mutually agreed upon in writing by AMUS and the client.

Fees are generally charged and collected in accordance with the investment advisory agreement with the client and may be negotiable under certain circumstances. The current standard annual fees for AMUS' available products are as follows:

#### Sub-adviser Mandates –

AMUS acts as investment sub-adviser to affiliated investment advisers, which provide discretionary investment advisory services to certain of its clients as previously noted. AMUS renders continuous investment advice for the portions of the portfolios for which it is selected as sub-adviser, and has investment discretion with respect thereto, subject to review and supervision by the affiliated advisers. AMUS' compensation from the affiliated advisers for these services is generally 50% of the fees collected by the affiliated adviser for which it acts as sub-adviser, paid quarterly in arrears.

#### Offshore Products –

AMUS serves as an investment adviser or sub-adviser for several offshore fund products. These offshore funds are not registered in the U.S. and are generally not offered for sale or sold in the U.S., except in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended. Fees and expenses vary with each fund.

### Separately Managed Accounts –

#### Liquidity (Cash) Mandate

1st \$250 million:	0.15 %
Next \$250 million:	0.11%
Next \$500 million:	0.09%
From: \$1 billion to \$2 billion:	0.08%
From: \$2 billion:	0.07%
Minimum AUM of \$100 million and minimum annual fee of \$150 thousand	

#### Emerging Markets Fixed Income-Core

1 <sup>st</sup> \$100 million:	0.60%
Next \$150 million:	0.50%
Next \$250 million:	0.40%
From: \$500 million to \$10 billion	0.30%
Performance fee: 0.40% flat fee with a 20% annual performance fee (net of the base fee) above the agreed upon benchmark.	

#### Emerging Markets Fixed Income –Local Debt

1 <sup>st</sup> \$100 million:	0.65%
Next \$150 million:	0.55%
Next \$250 million	0.45%
From: \$500 million to \$10 billion	0.35%
Performance fee: 0.45% flat fee with a 20% annual performance fee (net of the base fee) above the agreed upon benchmark.	

#### Emerging Markets Fixed Income –Total Return

##### Performance fees:

Less than \$200 million: 0.75% flat fee with a 20% annual performance fee (net of the base fee) above the relevant money market rate.

Over \$200 million: 0.50% flat fee with a 20% annual performance fee (net of the base fee) above the relevant money market rate.

#### Emerging Markets Fixed Income – Investment Grade

1 <sup>st</sup> \$100 million:	0.45%
Next \$150 million:	0.40%
Next \$250 million	0.35%
From: \$500 million to \$10 billion	0.30%

Emerging Markets Fixed Income – Corporate Debt

1 <sup>st</sup>	\$100 million:	0.70%
Next	\$150 million:	0.60%
Next	\$250 million	0.50%
From:	\$500 million to \$10 billion	0.40%

U.S. Short Duration

Total Assets:	0.10%
Minimum AUM of \$100 million and minimum annual fee of \$150 thousand	

U.S. Low Duration

1st	\$250 million:	0.15 %
Next	\$250 million:	0.11%
Next	\$500 million:	0.09%
From:	\$1 billion to \$2 billion:	0.08%
From:	\$2 billion:	0.07%
Minimum AUM of \$100 million and minimum annual fee of \$150 thousand		

MPA Program –

Fees will be paid quarterly in advance. Fees will be a percentage of assets in the account based on assets under management at the beginning of the quarter. A portion of the fees (on an annual rate ranging from 0.25% to 0.75%) will be paid quarterly in advance to the selected investment managers within the investment portfolio held by the client with the exception of the mutual funds and ETFs in the accounts. The investment managers for the mutual funds and ETFs are paid directly by the funds/ETFs as part of their expenses. These fund expenses are considered as part of the calculation of the daily Net Asset Value (NAV) of the funds. Portfolios invested in mutual funds, ETFs or other investment companies will be included in calculating the value of the account to determine the amount of the fee.

Fees for each new or terminated account will be prorated for the appropriate number of days in the billing period. New client accounts will be charged a fee in advance based on the inception value of the account through the end of the first quarter under management. Terminated accounts will receive a rebate of fees charged in advance and not earned based on the prorated fee that was charged for the balance of the quarter. In addition, contributions in excess of \$25,000 cash or equivalent value of “in kind” securities would be charged an additional fee at the time the contribution is made to the portfolio pro-rated through the end of the quarter. Withdrawals of cash or equivalent market value of “in kind” securities in excess of \$25,000 would generate a fee refund pro-rated to the end of the quarter.

The standard annual fees rates for the MPA Program range from .95 percent and 2.5 percent.

The fee covers all advisory, administrative, custodial and brokerage services under the Program with the exception of any step out trades and mark-ups or markdowns or certain other fees or costs as described in the MPA Program client agreement. Generally, the client authorizes AMUS to deduct fees from the clients account.

SMA Product	Model:	All Fixed Income	Conservative	Income & Growth	Balanced	Balanced with Growth	Growth & Income	Growth	All-Equity
Total Fixed Income & money market (plus / minus 5%)		100%	65%	55%	50%	40%	35%	20%	1%
<u>Total Portfolio Assets Under Management:</u>	Fee rate (per annum) on assets								
First \$500,000		1.50%	1.70%	1.85%	2.00%	2.15%	2.25%	2.40%	2.50%
Next \$500,000		1.20%	1.35%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
Over \$1,000,000		0.95%	1.00%	1.15%	1.20%	1.30%	1.35%	1.50%	1.50%

UMA Product	Model:	Conservative	Income & Growth	Balanced	Balanced with Growth	Growth & Income	Growth	All-Equity
Total Fixed Income & money market (plus / minus 5%)		65%	55%	50%	40%	35%	20%	1%
<u>Total Portfolio Assets Under Management:</u>	Fee rate (per annum) on assets							
First \$500,000		1.70%	1.85%	2.00%	2.15%	2.25%	2.40%	2.50%
Next \$500,000		1.35%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
Over \$1,000,000		1.00%	1.15%	1.20%	1.30%	1.35%	1.50%	1.50%

### Spectrum Program –

Spectrum Program fees are paid in arrears. The service fees payable for any calendar quarter will be based on the average daily account asset value during the prior calendar quarter and the annual fee rate(s) set forth in the following schedule, subject to a minimum fee. Minimum fees for accounts are based on minimum account size. All funds included in the Program have operating expenses, including advisory and administration fees. These fees will be in addition to and not included in, the Program fees, as set forth below.

### HSBC World Selection Spectrum Accounts –

Standard Fee Schedule for accounts opened prior to January 2, 2007:

<u>Account Type:</u>	<u>Annual Rate:</u>	<u>Minimum Fee</u>
Non-Retirement (less than \$200,000 avg. assets)	1.25%	\$312.50
Non-Retirement (greater than \$200,000 avg. assets)	1.00%	\$312.50
Retirement and Non-Resident Alien (less than \$200,000 avg. assets)	1.50%	\$375.00
Retirement and Non-Resident Alien (greater than \$200,000 avg. assets)	1.25%	\$375.00

### HSBC World Selection Spectrum and Offshore World Selection Spectrum Accounts –

Standard Fee Schedule for accounts opened on or after January 2, 2007:

<u>Average Assets:</u>	<u>Annual Rate:</u>	<u>Minimum Fee</u>
First \$250,000	1.50%, plus	\$375.00
Next \$250,000	1.00%, plus	\$375.00
assets in excess of \$500,000	0.50%	\$375.00

Minimum fees for accounts are based on minimum accounts size. AMUS reserves the right to reduce or waive the minimum fee at any time.



### HSBC Funds –

AMUS also serves as investment adviser to a family of registered investment companies organized in the form of the master-feeder structure, the HSBC Portfolios, HSBC Funds (“HSBC Trust”), HSBC Advisor Funds Trust, (collectively, “HSBC Funds”). AMUS provides advisory services to the following series of funds within the HSBC Funds for which AMUS receives a fee:

**EMERGING MARKETS DEBT FUND** – The Fund will pay AMUS as adviser a monthly advisory services fee equal to an annual rate of 0.50%.

**EMERGING MARKETS LOCAL DEBT FUND** – The Fund will pay AMUS as adviser a monthly advisory services fee equal to an annual rate of 0.50%.

**FRONTIER MARKETS FUND** – The Fund will pay AMUS as adviser a monthly advisory services fee equal to an annual rate of 1.25%.

**TOTAL RETURN FUND** – The Fund will pay AMUS as adviser a monthly advisory services fee equal to an annual rate of 0.85%.

**RMB FIXED INCOME FUND** – The Fund will pay AMUS as adviser a monthly advisory services fee equal to an annual rate of 0.55%.

**GROWTH FUND** – The Fund and Portfolio pay AMUS as Adviser a combined monthly advisory services fee equal to an annual rate of 0.68% of average daily net assets.

**OPPORTUNITY FUND** – The Fund and Portfolio pay AMUS as Adviser a monthly advisory services fee equal to an annual rate of 0.80% of average daily net assets.

**PRIME MONEY MARKET FUND** – The Fund will pay AMUS as adviser a monthly advisory services fee equal to an annual rate of 0.10%.

**TAX-FREE MONEY MARKET FUND** – The Fund will pay AMUS as adviser a monthly advisory services fee equal to an annual rate of 0.10%.

**U.S. GOVERNMENT MONEY MARKET FUND** – The Fund will pay AMUS as adviser a monthly advisory services fee equal to an annual rate of 0.10%.

**NEW YORK TAX-FREE MONEY MARKET FUND** – The Fund will pay AMUS as adviser a monthly advisory services fee equal to an annual rate of 0.10%.

**U.S. TREASURY MONEY MARKET FUND** – The Fund will pay AMUS as adviser a monthly advisory services fee equal to an annual rate of 0.10%.

HSBC WORLD SELECTION FUNDS - Each of the World Selection Funds will pay AMUS as adviser a monthly advisory services fee equal to an annual rate of 0.05%. The World Selection Funds also invested in affiliated Underlying Funds for which AMUS earns a separate management fee equal to an annual rate of 0.25% per fund.

Multimanager Services –

AMUS' fees for Multimanager Services will be agreed upon in advance with the client and will vary depending upon the nature of the work performed. Fees are generally based on a percentage of assets or a fixed fee.

Fee schedules do not include custody fees. AMUS reserves the right to increase or decrease the minimum account size it will accept. Fee schedules and terms are negotiable except in certain circumstances. AMUS reserves the right to waive fees in its sole discretion. Incentive fees are in accordance with Rule 205-3, if applicable.

Generally, unless otherwise specified by the client, fees are charged quarterly in arrears. Fees are calculated based on the account's average market value for the quarter. Average market value for the quarter is the average of the market values, or as of the first day of the quarter and the last day of each month within the quarter, as stated on the client's custodian statement. Fees for the initial billing, at the inception of the account, are prorated accordingly. If, during a quarter, the client makes a contribution to the portfolio, fees will be pro-rated accordingly. The value of securities in the client account is equal to the market value of the securities or in the absence of a market value, the fair market value as determined in good faith by the custodian.

In the event the client terminates an account or withdraws any funds from the portfolio, any fees owed to AMUS will be pro-rated accordingly, any fees that may have been prepaid previously by the client shall be refunded on a pro-rata basis based upon the number of calendar days remaining after the termination date in the period as to which fees may have been prepaid. The client or AMUS generally may terminate an investment advisory agreement (a) 30 days after the receipt of either party of written notice requesting such termination; or (b) at such time as otherwise mutually agreed upon in writing by AMUS and the client.

Clients may elect to have their idle cash balances swept into money market funds including funds that are managed by AMUS. In the cases where a money market fund is managed by AMUS, AMUS may receive a management fee for its advisory services. As with all mutual funds, clients, through their investment in the money market fund are charged their pro-rata share of this fee. Since clients pay AMUS a management fee based upon the client's total portfolio, inclusive of client cash balances, clients may in some cases pay two fees to AMUS.

## Other Fees and Expenses

Clients will pay brokerage and custody fees, see “Brokerage Practices.”

Clients may elect to have their idle cash balances swept into money market funds including funds that are managed by AMUS or an affiliated company. In the cases where a money market fund is managed by AMUS, AMUS may receive a management fee for its advisory services.

As with all mutual funds, clients, through their investment in the money market fund are charged their pro-rata share of the fund’s fees and expenses. Since clients pay AMUS a management fee based upon the client’s total portfolio, inclusive of client cash balances, clients may in some cases pay two fees to AMUS.

In addition, AMUS, in its capacity as investment adviser, may invest client assets in affiliated mutual funds other than money market funds, advised by AMUS or an affiliated company. Clients are given an appropriate fee adjustment for any holdings in the affiliated mutual funds that are not money market investments. The client is responsible for all other expenses and fees associated with an investment in the funds. These fees and expenses may include but are not limited to, advisory and custodial fees, and any sales load incurred with the purchase or sale of the funds. Expenses and fees vary with each fund. The client should read the fund’s prospectus for a complete description of the fund’s fee structure.

Spectrum and Offshore Spectrum investors pay AMUS a single fee for the services provided through Spectrum (other than fees and expenses (including investment advisory fees) paid in respect of underlying mutual fund investments), brokerage, custody and other services provided by AMUS, HSBC Securities and the Custodian. The Service Fee payable for any calendar quarter will be based upon the average daily Account asset value during the prior calendar quarter and the annual fee rate(s) set forth in the following schedule, subject to a minimum fee. Minimum fees for accounts are based on minimum accounts size. AMUS reserves the right to reduce or waive the minimum fee at any time. All funds incur separate operating expenses, including advisory, administrative, shareholder servicing and custodial fees. Clients will bear their proportional share of the operating expenses of the funds in which they are invested, which will be in addition to, and not included in, the Program’s fees, as set forth below.

In addition, AMUS, in its capacity as investment adviser, may invest client assets in affiliated mutual funds other than money market funds, advised by AMUS. Clients are given an appropriate fee adjustment for any holdings in the affiliated mutual funds that are not money market investments. The client is responsible for all other expenses and fees associated with an investment in the funds. These fees and expenses may include but are not limited to, 12b-1 fees, custodial fees, and any sales load incurred with the purchase or sale of the funds. Expenses and fees vary with each fund. The client should read the fund’s prospectus for a complete description of the fund’s fee structure.

## Prepayment of Fees

MPA Program fees are charged quarterly in advance.

## Item 6

### Performance Based Fees and Side-by-Side Management

In some cases, HSBC has entered into performance fee arrangements with qualified clients: such fees are subject to individualized negotiation with each such client. HSBC will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisers Act of 1940 (the “Advisers Act”) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients’ assets for the calculation of performance-based fees, HSBC shall include realized and unrealized capital gains and losses. Performance based fee arrangements may create an incentive for HSBC to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. HSBC has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

AMUS provides investment management advice to a variety of different clients including mutual funds, sub-advisory relationships, institutional accounts, ERISA accounts and other pooled vehicles such as privately offered funds. Some of these accounts present a conflict of interest to AMUS as our employees or affiliates may have an interest in such accounts. We also manage several accounts that pay performance fees. Certain investment professionals manage both accounts with and without such conflicts of interest. This may be an incentive to favor one account over another account. We recognize these and other potential conflicts and have designed order allocation procedures to ensure that clients are treated fairly over time.

#### Investments in Investment Accounts by Adviser:

Adviser to both registered and private funds that have similar investment objectives and strategies could be viewed as having a potential conflict of interest when they have sizeable investments only in the investment accounts as seed capital or additional capital.

#### Order Aggregation and Trade Allocation

When AMUS or its related persons determine that it would be appropriate for one or more of its Clients to participate in an investment opportunity, AMUS seeks to execute orders for all of the participating Clients on an equitable basis. AMUS determines whether an investment opportunity is appropriate to participate in based upon the following criteria:

- the investment objectives, risk tolerances, preferences, and constraints of clients;
- the appropriateness of making a particular allocation to a Client in light of those investment objectives, risk tolerances, preferences, and constraints;
- the amount of cash available in a Client’s portfolio that can be used for such investment;

- the current or anticipated liquidity needs of a Client;
- the percentage of a Client's portfolio, if any, that is currently invested in the same or similar security, industry, country, region, credit risk, or currency exposure;
- previous investment allocation decisions to the extent AMUS needs to rotate opportunities;
- the performance of a Client's portfolio relative to other Clients on a risk-adjusted basis excluding any consideration of incentive compensation arrangements with AMUS to the extent AMUS needs to rotate investment opportunities;
- whether an allocation to a particular Client will have a material or immaterial impact on its overall portfolio; and
- other criteria that is relevant to the allocation decision as determined by AMUS.

If AMUS has determined to invest at the same time for more than one of the Clients, AMUS may place combined orders for all such accounts simultaneously and if any order is not filled at the same price, it may average the prices paid. Similarly, if an order on behalf of more than one Client cannot be fully executed under prevailing market conditions, AMUS generally will allocate the securities traded among the different Clients pro rata based on each such Fund's capital available for investment or, if for any reason this would not result in a position size that is economically reasonable, by any other basis which it considers equitable. In these circumstances, each Client would pay, in connection with the acquisition of securities by more than one Client, the average price per unit acquired, which may be higher than if it had acted alone, and it may otherwise not be able to execute an investment decision as effectively as it could have if it had acted alone. There may be corresponding potential disadvantages when more than one Client simultaneously seeks to dispose of commonly held securities and other investment positions. In addition, situations may occur where a Client could be disadvantaged because of the activities conducted by AMUS for other accounts. Such situations may be based on, among other things: legal restrictions on the combined size of positions which may be taken for all assets managed by AMUS; the difficulty of liquidating an investment for more than one Client where the market cannot absorb the sale of the combined positions; the differing investment objectives of certain Clients; or the determination that a particular investment is warranted only if hedged with an option and there is a limited availability of such options. Instances also may arise where AMUS determines an investment opportunity to be suitable for more than one Client but the market is too illiquid to enable each Client to participate to the extent advisable. In the above situations, or in other situations in which conflicts arise, AMUS will endeavor to allocate investment opportunities fairly; nevertheless, from time to time as any given conflict situation arises, such conflict may be resolved in a manner comparatively unfavorable for a particular Client.

### Trading Practices

#### Short Sales:

AMUS could be viewed as having a potential conflict of interest if the adviser sells short certain securities in an investment account while causing the registered fund to hold the same securities long – despite having legitimate business or other reasons for engaging in these seemingly inconsistent transactions. In such a case, AMUS could be seen as harming the performance of the

registered fund for the benefit of the investment account if the short-selling transactions caused the market value of the securities to move lower.

AMUS has established a process in which transactions are periodically reviewed to determine if trading patterns emerge which may appear questionable and warrant further review by compliance.

#### Cross Trading:

Despite their potential benefits to clients, cross trades can be effected in a manner perceived to favor one client over another. If AMUS receives performance based compensation, it could be viewed, for example, as crossing trades that are expected to increase in value from a registered fund to an investment account in order to increase the performance-based compensation AMUS receives from the account. AMUS could be viewed, conversely, as potentially cross-trading securities that are expected to decrease in value from an investment account to a registered fund in order to mitigate the effect that these securities may have on the adviser's performance-based compensation.

AMUS monitors trading generally in an effort to detect any improper patterns of cross trades between registered client accounts. In addition, when a trader determines that a security in which a new position is to be established will be acquired through a cross trade, the trader notifies compliance personnel, on a pre-trade basis to approve the cross trade. Compliance reviews the trade blotter to ensure that all cross trades have been captured for review as part of the pre-trade approval process.

#### Aggregation and Allocation of Transactions:

Potential conflicts of interest may arise for an adviser in connection with both the aggregation and allocation of securities transactions. An adviser could be viewed as causing one client to participate in the offering because another client, which desires to participate in the offering, otherwise would be unable to meet the minimum purchase requirements. An adviser could similarly be viewed as causing its clients to participate in an offering to increase the adviser's overall allocation of securities in that offering, or to increase the adviser's ability to participate in future offerings by the same underwriter or issuer. Allocation of bunched trades, particularly trades that were only partially filled as a result of the limited availability of desired securities, could be viewed as raising a potential conflict of interest, as the adviser may have an incentive to allocate securities that are expected to increase in value to certain clients, including those that provide the adviser with performance-based compensation.

AMUS employees may be involved in cross-marketing opportunities with affiliated investment advisors.

AMUS or its related persons, in the ordinary course of business, may establish "seeded" funds for the purpose of developing new investment strategies and products which may be in the form of registered investment companies, private funds or other types of structures. These "seeded"



funds may invest in the same securities as other client accounts. AMUS' policy is to treat such accounts in the same manner as client accounts for purposes of trading allocation.

### Investing in New Issues

AMUS has adopted procedures reasonably designed to comply with the regulatory requirement imposed on investments in new issues on behalf of its mutual fund and institutional clients. AMUS complies with procedures adopted by the mutual fund boards for which it serves as an investment adviser, for the purchase of new issues which satisfy the conditions under Rule 10f-3 of the Investment Company Act of 1940, as amended. In addition, AMUS has procedures designed to comply with Regulation M and from time to time may be prevented from purchasing securities for clients during or immediately before a distribution of securities where its affiliate is a distribution participant. AMUS also has procedures designed to comply with FINRA Rule 2790 which restricts a broker-dealer's ability to purchase and hold certain new issues or sell new issues to favored clients in return for future business by restricting the sale of new issues to restricted persons either directly or indirectly.

### Client Directed Brokerage

Trades for clients who have directed AMUS to execute orders through a specific broker dealer or who require other special treatment when executing orders may be aggregated with other client trades provided all participating clients receive best execution. Stated differently, order placement for accounts with client imposed conditions that may adversely impact execution quality should not be allowed to adversely impact client transactions for accounts that do not impose such conditions. Accordingly, if trades subject to client imposed restrictions cannot be aggregated unrestricted trades, the restricted trades should be executed last.

### Counterparty Review and Approval

AMUS recognizes that analyzing counterparties is an important measure in monitoring a firm's credit risk. All counterparties must be approved by AMUS' Risk Committee prior to trading, except under special circumstances.

### General Trading Policies and Procedures

Compliance or other designated control persons or groups generally review, on a routine basis, transactions in securities. Compliance and risk may use automated monitoring systems (including front-end and back-end systems) to assist in the identification of questionable trades and trading patterns, or may compare trades on a manual basis. This review is done in an effort to assess whether trades, including trade allocations, cross trades or other transactions were undertaken in a fair and equitable manner consistent with AMUS' fiduciary obligations. Written explanations or written prior approvals of certain trades and allocations are required by certain transactions including cross trades.

AMUS has implemented a trade management committee and a separate GIPS committee, each of which serves as further steps in monitoring for potential conflicts that may arise from trading.

The trade management committee reviews best execution, broker use and other analytical reports. The GIPS committee reviews for performance and dispersion in performance between accounts which assists in review accounts traded side by side with a performance based account.

#### Broker Selection

AMUS overriding objective in broker-dealer selection is to be consistent with its duty of best execution of orders for clients. There are a number of factors considered, including, price, broker's execution capabilities, commissions/mark-ups/downs charged; broker's ability for prompt, accurate confirmations and on-time delivery of securities.

#### Allocation of Transactions

AMUS has allocation practices in place that are reasonably designed to promote fair and equitable allocations of investment opportunities among its clients' accounts over time and are reasonably designed to comply with applicable regulatory requirements. They are designed to reasonably ensure accounts are treated in a fair and equitable manner over time. If aggregated trades are fully executed, participating accounts will be allocated their requested allotment on an average price basis. In some instances, trading restrictions imposed by client guidelines may preclude the aggregation of trades in similar investment opportunities for certain client accounts.

#### Restricted List and/or Watch List

HSBC may restrict certain transactions in a particular security by placing it on the so-called "restricted" list. While on the restricted list, certain restrictions are imposed on dealing in that security, including prohibiting purchases, sales or all transactions. The reasons for placing a security on the restricted list include, but are not limited to (i) preventing HSBC from exceeding regulatory investment limitations; (ii) avoiding a concentration in a particular security; (iii) preventing the use or appearance of the use of inside information.



**Item 7**  
**Types of Clients**

AMUS primarily provides investment advisory services to individuals, high net worth individuals, corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, municipalities, registered mutual funds, private investment funds, trust programs, sovereign funds, foreign funds such as UCITs and SICAVs, and other U.S. and international institutions.

## Item 8

### Methods of Analysis, Investment Strategies and Risk of Loss

#### A. Methods of Analysis and Investment Strategies

AMUS offers clients a diverse range of investment capabilities including developed and emerging markets equity, fixed income, multi-asset, liquidity and alternative strategies. AMUS' objective is to actively manage focused investment strategies that are responsive to client needs while delivering competitive results. AMUS' on-the-ground investment teams are supported by global portfolio management and research platforms which provide in-depth analysis and shared communication. We generally utilize qualitative and as appropriate quantitative research and inputs in our investment strategies. Active risk management is integral to all our investment processes.

AMUS' overall equity philosophy is based on the belief that there is a long-term relationship between valuation and profitability. We seek to invest in companies that exhibit above average profitability at below average valuations through utilizing where appropriate quantitative screening and fundamental research. AMUS' fixed income process combines a top-down economic view with bottom-up credit research. Primary sources of alpha are security and sector selection. We also employ active duration and yield curve positioning.

AMUS' method of qualitative analysis is fundamentally research oriented, drawing on the following resources (i) the experience of AMUS' portfolio managers, (ii) AMUS' research analysts, (iii) AMUS' access to its affiliated emerging markets investment professionals located in approximately 14 key locations around the world; and (iv) research data bases.

AMUS' investment process for emerging markets is focused, disciplined and flexible. The investment process is adaptable to prevailing market environment.

The Emerging Markets team conducts a top-down country assessment followed by a bottom-up analysis for asset selection with an emphasis on broad diversification of assets and strategies. Factors considered in the analysis include assessment of global market conditions, country analysis, cross market analysis, security specific analysis and risk analysis.

The Liquidity investment process is designed to manage the primary risks associated with liquidity products – credit and liquidity factoring in the regulatory and investment guidelines associated with managing liquidity assets. The portfolio construction utilizes a credit platform drawing on the global credit team. It factors a macro economic review of current market conditions and global economic forecast. The investment strategies consider yield curve structure, weighted average maturities, weighted average life, security, sector and industry analysis.

For certain strategies, from time to time, AMUS may invest in Exchange Traded Funds ("ETFs"), investments classified as long term unit investment trusts established to accumulate and hold a portfolio of common stocks that is intended to track the price performance and dividend yield of a given index. AMUS may invest in ETFs in accordance with the client's investment objectives,

guidelines and restrictions and for the purpose of obtaining broad exposure in various markets. The client may incur additional fees and/or expenses on the investment in ETFs.

In addition, AMUS, from time to time, purchases for its clients securities that are part of an initial or secondary public offering (“IPO”). The IPO shares allocated to AMUS by the underwriters will be allocated among AMUS’ eligible client accounts in a fair and equitable manner, at the discretion of the relevant portfolio managers and consistent with other criteria set forth below.

The appropriateness of investing in and holding IPO securities depends on the objectives and risk profile of each relevant account. For example, accounts that are more speculative generally would be more likely to participate in IPOs of companies with more speculative investment characteristics than would more risk-averse accounts.

Furthermore, under rules (the “IPO restrictions”) promulgated by the Financial Industry Regulatory Authority (FINRA), certain clients of AMUS may be ineligible to receive allocations of IPOs due to their affiliation with FINRA brokers/dealers, investment advisory firms, insurance companies, banks or other financial institutions. Due to the IPO restrictions, certain partners or shareholders (as the case may be) in those entities also may be ineligible to receive allocations of IPOs.

If consistent with clients’ investment policies, AMUS may also utilize the following types of instruments and investment techniques in the management of client portfolios: swaps, private placements, 144a securities, repurchase agreements, securities lending, collateralized mortgage obligations, asset and mortgage back securities, currency hedging as well as forward foreign exchange contracts.

In addition, AMUS may allocate and invest the fund’s assets among a select group of portfolio managers by investing primarily in registered and unregistered investment vehicles or through separate accounts pursuant to investment advisory agreements. In addition, to gain exposure to certain investment funds, AMUS may also purchase a structured note or enter into a swap or other contract the return of which is linked to the return of an investment fund.

A structured note with interest or principal payments indexed to the return of one or more referenced investment funds would substitute a contractual commitment running from the counterparty to the fund for direct ownership by the fund of a share of the Investment Funds. Similarly, a swap structure could provide a return equivalent to direct investment in one or more investment funds by establishing a contractual obligation on the part of the counterparty to pay the fund a return equivalent to the return that would have been obtained by direct investment in the fund.

AMUS may enter into a collar transaction. In a collar transaction (typically a stock for stock structure) the buying company in a merger transaction is normally attempting to provide a prescribed dollar value in the currency of its own stock. This is achieved through the use of an “averaging period” that determines the eventual ratio of the buyer’s stock per share of the target. Since the stock ratio is not final at the time of deal announcement, it is not possible to simply

"short" a specific ratio of the buyer's stock before the averaging period. The complexity of such transactions may be increased by the existence of "break" points at which the stock ratio may change or the buyer or target may have an ability to abandon the transaction.

To affect the short sale of a stock in a foreign country, AMUS may use a contract for differences (a "CFD"). A CFD is a "swap" agreement with an acceptable foreign counterparty, which has essentially the same economic effect as shorting a stock directly. The risks associated with CFDs may differ materially from those entailed in exchange-traded transactions which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Please note that CFDs are not permitted within the U.S.

Risk arbitrage and other event driven strategies involve the purchase or sale of securities, or derivatives based on those securities, of companies that are the subject of a rumored, proposed or agreed upon future event, such as a merger, tender offer, sale of a division, recapitalization, exchange offer, liquidation, spin-off or other corporate reorganization. Profits are generally realized from the difference between the purchase price of the security of the company undergoing a specified event and the value ultimately realized upon completion of the event. AMUS may use options to create or hedge long or short positions. AMUS may also invest in transactions that have been abandoned due to a failure to achieve regulatory, anti-trust or other necessary approvals or a failure to meet other conditions when AMUS perceives value to be present in one or more securities.

In addition, certain strategies may trade some of the following instruments and investment strategies, including, but not limited to the following:

1. May purchase put options if it is unable to short a particular stock, hedge a long bond position to take advantage of an instrument that is perceived to be under priced or otherwise reduce the effect of a market decline on its long positions.
2. May use index futures to hedge the market risk associated with long or short positions in individual securities.
3. May use interest rate futures to reduce the risk resulting from interest rate movement associated with its positions in bonds and other debt related instruments.
4. May use volatility futures to reduce its exposure to changes in the price of volatility associated with its positions in convertible bonds, options and other instruments.
5. May buy call options as an alternative to buying the underlying security if AMUS believes call options are attractively priced.
6. May sell call options against a stock position if AMUS believes the calls are attractively priced, as a method of reducing risk or for increasing returns. AMUS may, under certain circumstances, also sell naked calls where the underlying stock is not held. In addition, AMUS may sell put options against stock shorted in a position if AMUS believes the puts are attractively priced, as a method of reducing risk or for increasing returns. Under certain circumstances, AMUS may also sell naked puts where the underlying stock has not been shorted.
7. May engage in short selling and may effect short sales by borrowing physical stock from the portfolio's Prime Broker and selling the stock into the market. AMUS may also effect long and short positions by entering into a contract for differences (a CFD). A CFD is a swap

agreement with an acceptable counterparty, which has essentially the same economic effect as holding or shorting the stock directly.

8. May buy or sell the interest rate credit spread exposure on a bond or other debt instrument by entering into a Credit Default Swap (a CDS). A CDS is a swap agreement with an acceptable counterparty which has essentially the same economic effect as buying or selling the credit risk associated with the underlying debt instrument.
9. May enter into a volatility swap with an acceptable counterparty in order to buy or sell the volatility component of a security held in a long or short position.
10. May buy or sell the interest rate credit spread exposure on a bond or other debt instrument by entering into an Asset Swap (an AS). An AS is a swap agreement with an acceptable counterparty which has essentially the same economic effect as buying or selling the credit risk associated with the underlying debt instrument.

In addition, AMUS may engage in a combined arbitrage strategy. The investment opportunities available in pursuing this strategy may vary considerably over time and AMUS may develop new types of investment techniques as market conditions may warrant. Therefore, the full range of investment strategies, instruments, contracts and markets which may be utilized over time by AMUS cannot be completely specified. The above-noted descriptions and strategies are illustrative of some but not all of the trading strategies that may be included in AMUS' investment approach. The amount of the total assets and the total risk represented by these strategies individually and collectively may vary materially over time. Investment strategies may consist of all or a subset of these strategies.

In connection with AMUS Multimanager Services, AMUS leverages the resources of its globally integrated Multimanager group through New York to provide the selection, monitoring and/or investment management services of unaffiliated third party mutual funds and investment managers utilizing a disciplined, objective and transparent process. The process incorporates a variety of factors, both quantitative and qualitative in nature, in assessing the manager's skill, management style and consistency in performance, with the ultimate objective for determining how well the manager/fund represents its asset class. Analysts will look at the quality of the organization, the quality, experience and depth of investment skill of the investment management team, as well as the structure of the investment process, the results of which are reflected in the portfolio performance and gives guidance on the probability of the manager's potential success looking-forward. The process incorporates: collecting firm and strategy questionnaires, risk- and returns based analysis, holdings based analysis (where applicable), on-site meetings, and interviews. The evaluation is prepared in a research note and summary and discussed and ratified through various internal multimanager committees. Multimanager will then identify the investment managers/funds that are deemed appropriate for the respective asset class and corresponding program. Selected managers/funds are monitored continuously through regular contact with the firms, quarterly updates on performance, attribution analysis (where relevant), ad hoc meetings with managers, and formal annual reviews (at minimum). Should there be any deviation that is not consistent with the original thesis or expectations that lessen the confidence held on the firm and/or selected strategy, then the monitoring process is stepped up, and further actions may be taken to limit the fund/manager's availability to clients. While not desirable, a manager/fund may be removed if an unforeseen event occurred at the firm, if the confidence in

the firm is not restored through the manager research process, or if a better selection exists (where applicable).

### Multimanager Services

In connection with AMUS Multimanager Services, AMUS leverages the resources of its globally integrated Multimanager group through New York to provide the selection, monitoring and/or investment management services of third party mutual funds and investment managers utilizing a disciplined, objective and transparent process. The process incorporates a variety of factors, both quantitative and qualitative in nature, in assessing the manager's skill, management style and consistency in performance, with the ultimate objective for determining how well the manager/fund represents its asset class. Analysts will look at the quality of the organization, the quality, experience and depth of investment skill of the investment management team, as well as the structure of the investment process, the results of which are reflected in the portfolio performance and gives guidance on the probability of the manager's potential success looking-forward. The process incorporates: collecting firm and strategy questionnaires, risk- and returns based analysis, holdings based analysis (where applicable), on-site meetings, and interviews. The evaluation is prepared in a research note and summary and discussed and ratified through various internal multimanager committees. Multimanager will then identify the investment managers/funds that are deemed appropriate for the respective asset class and corresponding program. Selected managers/funds are monitored continuously through regular contact with the firms, quarterly updates on performance, attribution analysis (where relevant), ad hoc meetings with managers, and formal annual reviews (at minimum). Should there be any deviation that is not consistent with the original thesis or expectations that lessen the confidence held on the firm and/or selected strategy, then the monitoring process is stepped up, and further actions may be taken to limit the fund/manager's availability to clients. While not desirable, a manager/fund may be removed if an unforeseen event occurred at the firm, if the confidence in the firm is not restored through the manager research process, or if a better selection exists (where applicable).

### **World Selection Funds**

By investing in a Fund, you will indirectly bear fees and expenses charged by the Underlying Funds in which the Fund invests, in addition to the Fund's direct fees and expenses. Your cost of investing in a Fund, therefore, may be higher than the cost of investing in a mutual fund that invests directly in individual stocks and bonds. In addition, the use of a fund of funds structure could affect the timing, amount and character of distributions to you and therefore may increase the amount of taxes payable by you.

The Adviser may be subject to potential conflicts of interest in selecting Underlying Funds because the fees paid to it and its affiliates by some Underlying Funds are higher than the fees paid by other Underlying Funds. Similarly, the Adviser or the Funds' portfolio managers may have an incentive to select certain Underlying Funds due to compensation considerations. However, the Adviser and the portfolio managers have a fiduciary duty to the Funds to act in the Funds' best interests when selecting Underlying Funds, and the Board of Trustees of the Funds oversees the Adviser's performance.



Each Fund has a different level of risk depending on its investment allocation in the Underlying Funds. Generally, each Fund and its Underlying Funds will be subject to the following additional risks:

### **Material, Significant, or Unusual Risks Relating to Investment Strategies**

AMUS uses a variety of investment strategies depending on the requirements of the client and the investment guidelines associated with the client's account. All strategies are subject to management risk and an account or fund may not achieve its objective if AMUS' expectations regarding particular securities or markets are not met. AMUS discloses risk factors for a particular strategy to the client, and in the case of pooled investment funds, discloses risk factors associated with the fund's investment strategy in the prospectus, offering memorandum or other materials of the fund.

Set forth below are certain material risk factors that are often associated with the investment strategies and types of investments relevant to most of AMUS' clients. The information included in this brochure does not include every potential risk associated with each investment strategy or applicable to a particular client account. Clients are urged to ask questions regarding risk factors applicable to a particular strategy or investment product, read all product-specific risk disclosures and determine whether a particular investment strategy or type of security is suitable for their account in light of their circumstances, investment objectives and financial situation.

- *Allocation Risk:* The risk that the Adviser's target asset and sector allocations and changes in target asset and sector allocations cause the portfolio to underperform other similar funds or cause you to lose money, and that the portfolio may not achieve its target asset and sector allocations.
- *American Depositary Receipts ("ADRs") Risk:* Investments in depositary receipts, such as ADRs, may entail the special risks of international investing, including currency exchange fluctuations, government regulations, and the potential for political and economic instability.
- *Banking Risk:* Investments in securities issued by U.S. and foreign banks can be sensitive to changes in government regulation and interest rates and to economic downturns in the United States and abroad, and susceptible to risks associated with the financial services sector. The portfolio's concentration of investments in the domestic banking industry may make it more susceptible to this risk.
- *Capitalization Risk:* Stocks of large capitalization companies may be volatile in the event of earnings disappointments or other financial developments. Medium and smaller capitalization companies may involve greater risks due to limited product lines, market and financial or managerial resources, as well as have more volatile stock prices and the potential for greater declines in stock prices in response to selling pressure. Small capitalization companies generally have more risk than medium capitalization companies.
- *Counterparty Risk:* The risk that the other party to an investment contract, such as a derivative or a repurchase or reverse repurchase agreement, will not fulfill its contractual obligations.

- *Credit Risk:* The portfolio could lose money if it holds a fixed income or debt instrument whose issuer is unable to meet its financial obligations. This risk is greater for lower-quality bonds than for bonds that are investment grade.
- *Commodity Risk:* The risks of investing in commodities, including the potential for losses resulting from changes in overall market movements or demand for the commodity, domestic and foreign political and economic events, adverse weather, disease, discoveries of additional reserves of the commodity, embargoes and changes in interest rates or expectations regarding changes in interest rates.
- *Currency Risk:* Fluctuations in exchange rates between the U.S. dollar and foreign currencies, or between various foreign currencies, may negatively affect the portfolio's investment performance.
- *Derivatives Risk:* The portfolio's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments and could increase the volatility of the portfolio's net asset value per share and cause you to lose money. Risks associated with derivatives include the risk that the derivative is not well correlated with the security, index or currency to which it relates; the risk that derivatives may result in losses or missed opportunities; the risk that the portfolio will be unable to sell the derivative because of an illiquid secondary market; the risk that a counterparty is unwilling or unable to meet its obligation; and the risk that the derivative transaction could expose the portfolio to the effects of leverage, which could increase the portfolio's exposure to the market and magnify potential losses, particularly when derivatives are used to enhance return rather than offset risk. There is no guarantee that derivatives, to the extent employed, will have the intended effect, and their use could cause lower returns or even losses to the portfolio. The use of derivatives by the portfolio to hedge risk may reduce the opportunity for gain by offsetting the positive effect of favorable price movements.
- *Emerging Markets Risk:* The prices of securities in emerging markets can fluctuate more significantly than the prices of companies in more developed countries. Securities of emerging market issuers generally have more risk than securities issued by issuers in more developed markets. The less developed the country, the greater affect the risks may have in an investment, and as a result, an investment may exhibit a higher degree of volatility than either the general domestic securities market or the securities markets of developed foreign countries.
- *Equity Securities Risk:* The assets of the portfolio are allocated primarily to equity securities. Therefore, the value of the portfolio may increase or decrease as a result of its investments in equity securities.
- *Exchange Traded Fund Risk:* The risks of owning shares in an ETF, including the risks of the underlying investments held by the ETF, Index Risk in the case of index ETFs, and the risks that an investment in an ETF may become illiquid in the event that trading is halted for the ETF or that the share price of the ETF may be more volatile than the prices of the investments the ETF holds.



- *Extension Risk:* The risk that during periods of rising interest rates, borrowers pay off their debt later than expected, preventing an Underlying portfolio from reinvesting principal proceeds at higher interest rates, increasing the portfolio's sensitivity to changes in interest rates and resulting in less income than potentially available.
- *Exchange Traded Note Risk:* The risks of holding ETNs, including credit risk relating to the issuer of the ETN, the risks of the underlying reference index or asset, and the risks that an investment in an ETN may become illiquid in the event that trading is halted for the ETN or that the price at which the ETN trades may not reflect the returns of the reference index or asset. ETNs also have expenses, like underlying funds.
- *Fixed Income/Debt Instruments Risk:* The portfolio could lose money or experience a lower rate of return if the portfolio holds a fixed income or debt instrument whose issuer is unable to meet its financial obligations, or in the event that interest rates decrease or increase, depending on the Fund's investments.
- *Foreign Securities/Emerging Markets Risk:* Investments in foreign securities are generally considered riskier than investments in U.S. securities. Investments in foreign securities may lose value due to unstable international political and economic conditions, fluctuations in currency exchange rates, lack of adequate company information, as well as other factors. Securities of emerging market issuers generally have more risk than securities issued by issuers in more developed foreign markets.
- *Government Securities Risk:* There are different types of U.S. government securities with different levels of credit risk. U.S. government securities issued or guaranteed by the U.S. Treasury and/or supported by the full faith and credit of the United States have the lowest credit risk. A U.S. government sponsored entity, although chartered or sponsored by an Act of Congress, may issue securities that are neither insured nor guaranteed by the U.S. Treasury and are riskier than those that are.
- *High Yield ("Junk Bond") Risk:* The portfolio could lose money or experience a lower rate of return if the portfolio holds high yield securities that are subject to higher credit risks and are less liquid than other fixed income or debt instruments. Junk bonds have more credit risk than investment grade bonds.
- *Index Risk:* The risk that the underlying funds' performance will not correspond to its benchmark index for any period of time and may underperform the overall stock market.
- *Interest Rate Risk:* Fluctuations in interest rates may affect the yield and value of the portfolio's investments in income producing or fixed income or debt instruments. Generally, if interest rates rise, the value of the portfolio's investments may fall.
- *Issuer Risk:* The risk that the issuer's earnings prospects and overall financial position will deteriorate, causing a decline in the value of the portfolio.

- *Leverage Risk:* Leverage created by borrowing or investments, such as derivatives, can diminish the portfolio's performance and increase the volatility of the portfolio's net asset value.
- *Liquidity Risk/Illiquid Securities Risk:* The risk that the portfolio could lose money if it is unable to dispose of an investment at a time that is most beneficial.
- *Market Risk:* Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. In the short term, equity prices can fluctuate dramatically in response to these developments. Different parts of the market and different types of equity securities can react differently to these developments. For example, large-cap stocks can react differently from small-cap or mid-cap stocks, and "growth" stocks can react differently from "value" stocks.
- *Mortgage- and Asset-Backed Securities Risk:* Mortgage- and asset-backed securities are debt instruments that are secured by interests in pools of mortgage loans or other financial assets. Mortgage- and asset-backed securities are subject to prepayment, extension, market, and credit risks (market and credit risk are described elsewhere in this prospectus). Prepayment risk reflects the risk that borrowers may prepay their mortgages faster than expected, thereby affecting the investment's average life and perhaps its yield. Conversely, an extension risk is present during periods of rising interest rates, when a reduction in the rate of prepayments may significantly lengthen the effective durations of such securities.
- *Municipal Risk:* Because the portfolio invests in municipal securities, it will be sensitive to events that affect municipal markets, including legislative or political changes and the financial condition of the issuers of municipal securities.
- *State Economic Risk:* A portfolio that invests primarily in state municipal securities is, by definition, less diversified geographically than a portfolio investing across many states. Therefore, the portfolio has greater exposure to adverse economic and political changes within the state as well as to risks associated with any natural disaster and/or acts of terrorism that might impact the state. Historically, some states and other issuers of those state's municipal obligations have experienced periods of severe recession and financial difficulty. Because a significant share of certain state's economies depend on business and financial services, any change in market conditions that adversely affects these industries could affect the ability of a state and its localities to meet their financial obligations. If such difficulties arise in the future, you could lose money on your investment.
- *Participation Interests:* The purchase of participation interests may involve the risk that the portfolio will not be deemed to be the owner of the underlying municipal obligation for purposes of the ability to claim tax exemption of interest paid thereon.
- *Prepayment Risk:* During periods of falling interest rates, borrowers may pay off their debt sooner than expected, forcing an underlying fund to reinvest the principal proceeds at lower interest rates, resulting in less income.

- *Private Equity Risk:* The risks underlying funds may face when investing in private equity-related investments, including the possible illiquidity of such investments and the risks of smaller capitalization companies.
- *Real Estate Risk:* A portion of the assets of the portfolio Fund is allocated to underlying funds that invest primarily in real estate related investments. These investments will expose the portfolio to risks similar to those associated with direct ownership of real estate, including losses from casualty or condemnation, and changes in local and general economic conditions, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses.
- *Regulatory Risk:* The Securities and Exchange Commission (“SEC”) recently amended the rules governing money market funds. In addition, the SEC continues to review the regulation of such portfolios. Any further changes by the SEC or additional legislative developments may affect a portfolio’s operations, investment strategies, performance and yield.
- *Repurchase Agreements:* If the seller in a repurchase agreement defaults on its obligation to repurchase the underlying securities at a time when the value of these securities has declined, the portfolio may incur a loss upon disposition of the securities. There is also a risk that the seller of the agreement may become insolvent and subject to liquidation.
- *Repurchase Agreement Risk:* The use of repurchase agreements, which are agreements where a party buys a security from another party (“seller”) and the seller agrees to repurchase the security at an agreed-upon date and price (which reflects a market rate of interest), involves certain risks. For example, if the seller of the agreements defaults on its obligation to repurchase the underlying securities at a time when the value of these securities has declined, a portfolio may incur a loss upon disposition of the securities. There is also the risk that the seller of the agreement may become insolvent and subject to liquidation.
- *Short Sale Risk:* The risk of entering into short sales, including the potential loss of more money than the actual cost of the investment, and the risk that the third party to the short sale may fail to honor its contract terms, causing a loss to the portfolio.
- *Stand-by Commitments:* Stand-by commitments are subject to certain risks, which include the ability of the issuer to pay when the commitment is exercised, the fact that the commitment is not marketable, and the fact that the maturity of the underlying obligation generally differs from that of the commitment.
- *Style Risk:* The risk that use of a growth investing style may fall out of favor in the market place for various periods of time and result in significant declines in the value of the portfolio’s securities. Securities of companies considered to be growth investments may have rapid price swings in the event of earnings disappointments or during periods of market, political, regulatory and economic uncertainty. Securities of companies considered to be value investments can continue to be undervalued for long periods of time and not realize their expected value.

- *Swap Risk:* The use of swap agreements, agreements to exchange the return generated by one instrument for the return generated by another instrument (or index), and similar instruments involves risks that are different from those associated with ordinary portfolio securities transactions. For example, the portfolio bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. If a counterparty defaults on its payment obligations to the portfolio, this default will cause the value of the portfolio to decrease. Swap agreements also may be considered to be illiquid.
- *Tax Risk:* While the interest on bonds issued to finance essential state and local government operations is generally exempt from federal income tax, dividends attributable to interest on certain municipal bonds may be treated as a tax preference item for purposes of the alternative minimum tax. Such dividends may result in (or may increase) shareholder liability for the alternative minimum tax.
- *Variable Rate Securities Risk:* Variable (and floating) rate instruments are subject to the same risks as fixed income investments, particularly interest rate risk and credit risk. Due to a lack of secondary market activity for certain variable and floating rate instruments, these securities may be more difficult to sell if an issuer defaults on its financial obligation or when the portfolio is not entitled to exercise its demand rights.
- *Variable Rate Securities Risk:* Variable (and floating) rate instruments have interest rates that are periodically adjusted either at set intervals or that float at a margin above a generally recognized rate. Variable (and floating) rate instruments are subject to the same risks as fixed income investments, particularly interest rate risk and credit risk. Due to a lack of secondary market activity for certain variable and floating rate instruments, these securities may be more difficult to sell if an issuer defaults on its financial obligation or when a portfolio is not entitled to exercise its demand rights.
- *When-Issued Securities:* The portfolio may purchase or sell securities that it is entitled to receive on a when issued basis. When-issued and delayed delivery securities and forward commitments involve the risk that the security the portfolio buys will lose value prior to its delivery. There also is the risk that the security will not be issued or that the other party to the transaction will not meet its obligation.
- *“When-Issued” Securities:* The price and yield of securities purchased on a “when-issued” basis is fixed on the date of the commitment but payment and delivery are scheduled for a future date. Consequently, these securities present a risk of loss if the other party to a “when-issued” transaction fails to deliver or pay for the security. In addition, purchasing securities on a “when-issued” basis can involve a risk that the yields available in the market on the settlement date may actually be higher (or lower) than those obtained in the transaction itself and, as a result, the “when-issued” security may have a lesser (or greater) value at the time of settlement than a portfolio’s payment obligation with respect to that security.
- *Underlying Fund Selection Risk:* The risk that the portfolio may invest in underlying funds that underperform other similar funds or the markets more generally, due to poor investment

decisions by the investment adviser(s) for the underlying funds or otherwise. underlying funds also have their own expenses, which the portfolio bears in addition to its own expenses.

**Item 9**  
**Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of or the integrity of AMUS or its management persons.

## Item 10

### Other Financial Industry Activities and Affiliations

#### Broker-Dealer Registration Status

Some of AMUS' management persons are registered with the Financial Industry Regulatory Authority ("FINRA") as representatives of an affiliated broker-dealer.

#### Material Relationships or Arrangements with Industry Participants

AMUS is part of a large financial services firm. In connection with providing investment advisory services to its clients, AMUS may use the products and services of its affiliates or other related persons, as described below.

AMUS intends to use HSBC Securities (USA) Inc., an affiliated broker-dealer registered with FINRA, to facilitate the distribution of certain pooled investment funds.

HSBC Holdings plc. is AMUS' ultimate parent and is the ultimate owner of various investment advisers around the world. AMUS may have sub-advisory agreements with these affiliated investment advisers which may or may not be registered in the United States with the Securities and Exchange Commission. The investment advisers include, among others:

HSBC Global Asset Management (UK) Ltd,  
 HSBC Global Asset Management (Canada) Limited,  
 HSBC Global Asset Management (Bermuda) Limited,  
 HSBC Global Asset Management (France)  
 HSBC Global Asset Management (Singapore) Limited,  
 HSBC Global Asset Management (India) Private Limited,  
 HSBC Global Asset Management (Mexico), S.A. DE C.V., Grupo Financiero HSBC,  
 HSBC Global Asset Management Deutschland GMBH,  
 HSBC Global Asset Management (International) Ltd,  
 HSBC Global Asset Management (Japan) KK,  
 HSBC Global Asset Management (Taiwan) Limited.,  
 HSBC Global Asset Management (Hong Kong) Limited,  
 HSBC Global Asset Management (Singapore) Ltd,  
 HSBC Jintrust Fund Management Co. Ltd, and  
 HSBC Securities (USA) Inc.

HSBC Securities (USA) Inc., ("HSBC Securities") a registered broker-dealer is an affiliate of AMUS. HSBC Securities may offer to its clients, shares in investment companies to which AMUS serves as Investment Adviser. HSBC Securities may also sell the HSBC Spectrum Account and Offshore Spectrum Account, a mutual fund asset allocation service sponsored by AMUS. HSBC Securities may also sell the HSBC Managed Portfolio Account, a separately managed account and asset allocation service of AMUS.

AMUS is a wholly owned direct subsidiary of HSBC Bank USA National Association ("HSBC

Bank USA”), a national bank organized and existing under the laws of the United States and member of the Federal Reserve. HSBC Bank USA, with which AMUS has entered into agreements, provides certain office space and certain administrative services such as payroll and benefits processing to AMUS. Certain employees and officers of AMUS are officers of HSBC Bank USA and report into the bank’s Fiduciary Committee. The Fiduciary Committee has the authority to review the performance and operations of AMUS as they affect investment performance of assets held in a fiduciary capacity by the bank.

AMUS may provide its Multimanager Services to its affiliates including, HSBC Bank USA, HSBC Funds, and HSBC Securities.

AMUS serves as the investment adviser to the HSBC Funds, a series of open-end registered investment companies.

### **Material Conflicts of Interest Relating to Other Investment Advisers**

As a member of the HSBC Group, AMUS has implemented procedures and arrangements which recognize and manage actual or potential conflicts of interest. The organizational and administrative arrangements are designed with the objective to safeguard the interests of clients are documented in the Conflicts of Interest Policy and procedure as stated in Item 11.

Each member of the HSBC Group maintains a conflict of interest policy and register in relation to their particular business. In the event of a conflict of interest between members of the Group, this will be escalated for information and resolution up the relevant compliance reporting line.

Furthermore, physical and electronic information barriers have been implemented to restrict the flow of confidential information.

### **Material Conflicts of Interest Relating to Affiliate Broker-Dealers**

HSBC Global Asset Management (USA) Inc. does not trade with any broker/dealer affiliates for client accounts, with the exception of one account that expressly directs HSBC Global Asset Management (USA) Inc, to use an affiliate broker/dealer in limited circumstances and to the extent permitted by applicable law.



## Item 11 Code of Ethics

AMUS has adopted a Code of Ethics and Staff Dealing Policies and Procedures ("Code of Ethics"). The Code of Ethics incorporates, among other items, personal securities transactions of its employees and access persons and insider trading, to substantially comply with all relevant securities laws and the Investment Company Institute recommendations on personal investing (August, 1994). Employees are required by AMUS' Code of Ethics to obtain appropriate pre-clearance of their personal securities transactions for accounts in which the employee has any direct or indirect beneficial interest, except any such account over which the individual has no investment influence or control. In addition, AMUS requires that each employee and/or access persons submit initial, quarterly and annual reports attesting to their compliance with all aspects of the Firm's Code of Ethics. In order to avoid conflicts of interest with client security transactions employees are subject to a blackout policy on non-exempt personal securities transactions for securities that are also traded for AMUS clients. Employees are also subject to a minimum 30 day holding period of their personal security holdings; however, waivers may be granted by the Chief Compliance Officer. AMUS will furnish a copy of its Code of Ethics to clients or potential clients upon request.

HSBC has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at HSBC must acknowledge the terms of the Code of Ethics, a minimum annually.

### **Securities That You or a Related Person Has a Material Financial Interest**

AMUS may purchase or sell for client accounts securities in which it, or related persons, has a financial interest. AMUS' related persons may issue recommendations on securities held by AMUS' client portfolios that may be contrary to investment activities of AMUS. Additionally, employees of AMUS, or its related persons, may hold the same or similar securities as client portfolios, and from time to time may recommend such securities for purchase or sale in clients' portfolios in the normal course of business. Similarly, employees of AMUS and its related persons who maintain private equity interests may hold the same or similar interest as client portfolios. AMUS has established informational barriers and has adopted various policies and safeguards in order to address conflicts of interest that may arise from such activities.

It is AMUS' policy that the firm typically will not effect principal transactions. From time to time, AMUS will cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under

common control with the investment advise acts as broker for both the advisory client and for another person on the other side of the transaction.

If permitted in writing by a client, from time to time AMUS may effect client transactions on an agency basis in securities an futures and options through affiliated broker/dealers when, in AMUS' judgment, the transactions are consistent with its duty of best execution. AMUS' affiliate may be entitled to receive a commission for effecting these transactions. These transactions may be effected through affiliated firms even though the total commission for the transaction may exceed the commission charged by another unaffiliated firm for the same transaction.

In addition, in some instances a security to be sold by one client account may independently be considered appropriate for purchase by another client account. In such cases, AMUS may cause the security to be "crossed" or transferred directly between the relevant accounts at an independently determined market price and without incurring brokerage commission, although customary custodian fees and transfer fees may be incurred (no part of which will be received by AMUS). No such transactions will be effected unless AMUS determines that the transaction is in the best interest of each client account and permitted by applicable law.

The trading practices of AMUS and its related persons may conflict with the trading activities of AMUS' clients and/or the clients of its advisory affiliates. For example, AMUS manages separate accounts which hold securities of non-public companies distributions of securities received as a result of direct or indirect investments in non-public companies. In the course of managing these separate accounts, AMUS may be the recipient of research from AMUS' advisory affiliates and possibly related persons.

In the ordinary course of business, and subject to compliance with applicable regulations, AMUS or related persons may provide the initial funding necessary to establish new funds for the purpose of developing new investment strategies and products. These "seeded" funds may be in the form of registered investment companies, private funds such as partnerships, limited liability companies or separate accounts and may invest in the same securities as other client accounts. AMUS expects that such investments will be redeemed from time to time as permitted by the governing documentation of such funds and applicable regulations. As a result of the infusion of seed capital from AMUS or a related person, the manager may be precluded from buying or selling certain securities, including, but not limited to, IPOs. These funds and accounts may, and frequently do, invest in the same securities as client accounts. AMUS' policy is to treat such accounts in the same manner as client accounts for purposes of trading allocation.

If permitted by a client's investment objectives, and subject to compliance with applicable law, AMUS may purchase securities for client accounts during an underwriting or other offering of such securities in which a broker-dealer affiliate of AMUS acts as a manager, co-manager, underwriter or placement agent. AMUS' affiliate may receive a benefit in the form of management, underwriting or other fees. Affiliates of AMUS may also act in other capacities in such offerings and the affiliate may receive a fee, compensation, or other benefit for such services. If the client's account is subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA") participation in these offerings may require AMUS or its affiliates

to comply with the conditions of one or more class or individual prohibited transaction exemptions issued by the Department of Labor.

Purchase involving affiliated broker-dealers, or other affiliates of AMUS, must comply with the Advisers Act, the Investment Company Act and any other applicable laws or prohibited transaction exemptions.

In addition, AMUS may subject to applicable law, participate in structured fixed income offerings of securities in which a related person may serve as a trustee, depositor, originator, service agent or other service provider, on behalf of issuer in which fees will be paid to such related person. The related person may act as originator of loans or receivables for the structured fixed income offerings in which AMUS may invest for clients. Participations in such offerings may directly or indirectly relieve obligations of a related person.

### **Investing in Securities That You or a Related Person Recommends to Clients**

AMUS or one of its related persons may, for its own account, buy or sell securities or other instruments that AMUS has recommended to clients or purchased or sold for its clients. AMUS has established informational barriers and has adopted various policies and safeguards in order to address conflicts of interest that may arise from such activities.

### **Conflicts of Interest Created by Contemporaneous Trading**

AMUS and its related persons may recommend securities to clients that AMUS and its related persons may also purchase or sell. In order to address potential conflicts of interest arising from such activities, including employee front-running at the expense of client accounts, AMUS restricts employees with access to nonpublic information regarding such securities from executing personal trades in a security or similar instrument five business days (typically seven calendar days) before and after a client or fund managed by that employee transacts in that security or similar instrument. In addition, AMUS has implemented monitoring systems to ensure compliance with this restriction.

AMUS has implemented policies and procedures to monitor the personal trading activities of its employees and certain members of their immediate families and any person to whose support the employee significantly contributes. The policies and procedures are intended to comply with SEC Rule 204(5)A-1 under the Investment Advisers Act of 1940 (the “Act”) as amended and to generally implement the recommendations issued by the Investment Company Institute regarding practices and standards with respect to securities transactions of investment personnel. In general, these personal trading rules require that accounts of the employee and relevant family members be maintained with a designated broker and that all trades for such accounts are pre-cleared and monitored by compliance personnel. Our policies also prohibit certain types of trading activity, such as short-term and speculative trades. Employees of AMUS generally must obtain express approval prior to engaging in all security transactions, including those in private placements. In addition, certain employees of applicant may not be permitted to buy or sell securities issued by HSBC in certain periods throughout the year prior to and following announcement of quarterly earnings. Generally, “Access Persons,” as defined by the Act, are prohibited from executing

personal trades in a security or similar instrument five business days (typically seven calendar days) before and after a client or fund managed by that portfolio manager transacts in that security or similar instrument. However, from time to time, subject to approval, employees of AMUS may purchase or sell securities for their personal accounts on the same day that these securities are being purchased or sold by AMUS. Additionally, employees of AMUS, or its related persons, may hold the same or similar securities as client portfolios, and from time to time may recommend such securities for purchase or sale in clients' portfolios in the normal course of business. Similarly, employees of AMUS and its related persons who maintain private equity interests may hold the same or similar interest as client portfolios and may receive a benefit for the public offering of such securities.

### **Other Conflicts of Interest**

The potential for conflicts of interest exists when AMUS' portfolio managers manage accounts with similar investment objectives and strategies. Potential conflicts may include, for example, conflicts in the allocation of investment opportunities for similar accounts.

Responsibility for managing AMUS' client portfolios is organized according to investment strategies with asset classes. Generally, client portfolios with similar strategies are managed by portfolio managers in the same portfolio management group using the same objectives, approach and philosophy. Therefore, portfolio holdings, relative position sizes and industry and sector exposures tend to be similar across similar portfolios, which reduce the potential for conflicts of interest.

AMUS may receive more compensation with respect to certain similar accounts or may receive compensation based in part on the performance of some of its similar accounts. Potential conflicts of interest may arise with the allocation of securities transactions and allocation of limited investment opportunities, particularly for accounts that allow for the use of leverage. In certain instances portfolio managers may manage accounts' with less restrictive investment guidelines allowing for the use of leverage. In such accounts, the portfolio manager generally will allocate securities based on the accounts' market value inclusive of the desired leverage, causing a potential conflict of interest. Allocations of aggregated trades, particularly trade orders that were only partially completed due to limited availability and allocation of investment opportunities generally, could raise a potential conflict of interest, as AMUS may have an incentive to allocate securities that are expected to increase in value to favored accounts. New issue offerings, in particular, are frequently of limited availability. A potential conflict of interest also may be perceived to arise if transactions in one account closely follow related transactions in a different account, such as when a purchase increases the value of securities previously purchased by another account, or when a sale in one account lowers the sale price received in a sale by a second account. If AMUS manages accounts that engage in short sales of securities of the type in which similar accounts invest, AMUS could be seen as harming the performance of one account for the benefit of the accounts engaging in short sales if the short sales cause the market value of the securities to fall.

AMUS has established policies and procedures designed to manage the conflicts described above. AMUS has allocation and order aggregation procedures in place designed to achieve fair and

equitable allocation and execution of investment opportunities among its client accounts over time and are designed to comply with the securities laws and other applicable regulations. See Item 12 for a description of these practices. AMUS monitors a variety of areas, including compliance with account guidelines, review of any material discrepancy in the performance of similar accounts.

From time to time, AMUS may have clients who, through the normal course of the investment process, may own different classes of securities by the same issuer. Consequently, in the event of default or bankruptcy by the issuer, AMUS may be involved in negotiations on behalf of holders of different classes of securities. As such, AMUS will continue to act in the best interest of its clients, irrespective of the client's holdings and ability to recoup the value of their original investment.

A copy of the AMUS Code of Ethics is available upon request.

## Item 12 Brokerage Practices

AMUS customarily determines, without consultation with the client, the brokers with which orders for the purchase and sale of securities are placed for execution and the price per share and commission rates at which securities transactions are effected. In purchasing and selling portfolio securities for clients' discretionary and in certain cases, non-discretionary accounts, AMUS will seek to obtain best execution at the most favorable security prices through credible brokers and dealers. In selecting brokers and dealers to execute transactions and evaluating the reasonableness of the brokerage commissions paid to them, consideration will be given to such factors as current market conditions, the price of the security, the size and difficulty of the order, the reliability, integrity, financial condition and general execution and operational capabilities of competitive brokers and dealers, their expertise in particular markets and research services provided by them.

In addition, it may not always be practicable to affect over-the-counter ("OTC") and fixed income transactions directly with market makers and as such, may be effected on an agency basis through various broker-dealers. In such cases, the client may pay a commission to the broker-dealer acting as agent along with the customary mark-up or mark-down which is included in the offer or bid price of the security purchased or sold.

Some clients may limit AMUS' discretion by directing AMUS to execute securities transactions through client specified brokers generally in return for services deemed of value by the client such as research, portfolio valuation or other consultation services. The commissions paid pursuant to such directed brokerage arrangements may not be subject to negotiation between AMUS and the broker and are a matter of negotiation between the client and the broker. As such, the commissions paid under these arrangements may not be as low as the commissions AMUS pays to other brokers. Trades effected for clients with directed brokerage arrangements may not be included in aggregated blocks and may not benefit from any improved executions or lower commissions as would be the case if AMUS were given the choice of brokers to use.

AMUS maintains an approved broker list. Broker approval is based upon a review of a broker's financial condition, credit worthiness, execution capabilities, and other factors believed to be relevant.

The direction of transactions to brokers may also be based on the quality and amount of the research and research related services that they provide to AMUS and indirectly to clients. As a result, AMUS may pay a broker or dealer a commission in excess of that which another broker or dealer might have charged for effecting the same transaction in recognition of the value of the brokerage or research and execution services provided by the broker or dealer. The reasonableness of commissions paid is evaluated regularly in light of what competing brokers are willing to charge for similar brokerage and research services.

The research products received by AMUS from brokers, either directly or through third-party arrangements, include, among others, information services on the economy, industries, groups of securities and individual companies, databases, quotation systems, performance measurement



reports, bond/stock pricing information and exchange fees paid for live market data. AMUS may use commissions generated by some clients to acquire research for the benefit of other clients' accounts.

Research services may be received in the form of written reports, telephone contacts and personal meetings with security analysts, economists, government representatives and corporate and industry spokespersons. Brokerage services are also received in relation to execution, clearance and settlement services. The foregoing services may include the use of, or be delivered by, computer systems for which software and hardware components may be provided to AMUS as part of the services to AMUS. Should AMUS receive products or services that may be used for both research and other, non-research purposes, AMUS will make a good faith effort to determine the relative proportion of such products or services that may be attributable to research services. The portion attributable to research services may be paid through client brokerage commissions and the portion attributable to non-research services will be paid in cash by AMUS.

Research and other services furnished by brokerage houses through commissions paid by one client may be used to benefit all of AMUS' clients and do not necessarily benefit solely the account for which AMUS used such broker/dealer to effect a particular transaction.

Brokerage firms will not charge AMUS a separate fee for research and other services, and the continued provisions of such services in some cases is conditioned upon AMUS directing a particular level of transactions to the broker.

AMUS does not allocate the relative costs or benefits of research among its clients because AMUS believes that the research received is, in the aggregate, of assistance in fulfilling AMUS' overall responsibilities to its clients.

AMUS' arrangements for the receipt of research services from brokers may create conflicts of interest, in that AMUS would have an incentive to utilize a broker which provided research services instead of one which did not, but charged a lower commission rate.

AMUS does not effect transactions with brokers for the purpose of paying for research services provided by third parties in accordance with Section 28(e) of the Securities Exchange Act of 1934.

Although it is not the current practice to do so, AMUS may use affiliated broker-dealers to effect securities transactions on behalf of clients to the extent permitted by law. Also, if appropriate AMUS may, if appropriate disclosure is made, act as client's investment adviser for transactions in which an affiliate of AMUS acts (i) as broker for both the client and another party on the other side of such transaction (an "agency cross transaction") or, (ii) to the extent permitted by applicable law, as principal (in which case such affiliate may charge the client its customary mark-up). In connection with any such agency cross transaction, such affiliate may receive compensation from parties on both sides of such transactions (the amount of which may vary) and, as such, affiliate may have a potentially conflicting division of loyalties and responsibilities. Such consent to "agency cross" transactions may be revoked at any time by written notice to AMUS. In specific



cases, AMUS may instruct an outside broker dealer to cross a transaction where necessary (such as for illiquid securities etc.) in order to facilitate an order for the client in the best interests of the client.

AMUS may follow the practice of grouping orders of various clients for execution in order to get the benefit of lower commission rates. In certain cases, where the aggregate order may be executed in a series of transactions at various prices, each participating client's proportionate share of such order will reflect the average price paid or received with respect to the total order. AMUS often receives notifications from affiliated Investment Advisers instructing AMUS to either buy (reduce cash) or sell (raise cash) securities for particular clients. AMUS generally executes systematic transactions ("vertical slices") across all securities in a client's portfolio without particular discretion on the security selection. Generally, because of the large volume of transactions that take place in order to complete cash advices, other orders for the same securities will generally not be aggregated with the cash advice orders. As such, the client's involved (both the clients participating in the cash advice and the other clients not participating in the cash advice) may not get the benefit of lower commission rates that aggregated orders generally do.

Orders for the HSBC Spectrum Account may be placed with brokers and dealers for the purchase and sale of investments for Spectrum accounts. AMUS anticipates that all securities transactions will be executed and cleared through HSBC Securities (USA) Inc. ("HSBC Securities"), member NYSE/ FINRA/SIPC, registered Futures Commission Merchant, a wholly-owned subsidiary of HSBC Markets (USA) Inc. and an indirectly wholly-owned subsidiary of HSBC Holdings plc., unless, with respect to securities of issuers that are not open-end investment companies, it is determined that HSBC Securities cannot provide the best execution or if such execution would not be in compliance with applicable law. AMUS will retain HSBC Securities or another financial intermediary to serve as custodian for Spectrum accounts (the "Custodian"). Spectrum investors pay AMUS a single fee for the services provided through Spectrum (other than advisory fees paid in respect of underlying mutual fund investments), brokerage, custody and other services provided by AMUS, HSBC Securities and the Custodian. Fees paid in respect of underlying mutual fund investments are not included in the Spectrum fee.

## Item 13 Review of Accounts

### **Frequency and Nature of Review of Client Accounts or Financial Plans**

AMUS regularly reviews all client accounts and utilizes product group specific review processes and supervisory personnel which may differ across various product groups in order to more appropriately serve its clients. AMUS' portfolio managers are generally responsible for the daily management and review of the accounts under their supervision.

Each product group conducts performance reviews of its portfolio managers' accounts. Such reviews examine compliance with clients' investment objectives and account guidelines, and AMUS' current investment processes and practices. An account review is formal in nature and is conducted by a team which consists of portfolio managers and individuals from other appropriate functional areas. Each account is reviewed at least once per calendar year.

AMUS utilizes investment management systems to assist it in the management of client accounts. In addition to such systems, AMUS maintains portfolio compliance monitoring systems to monitor client accounts. For daily trading strategies such as fixed income, the portfolio compliance monitoring systems analyze the underlying positions for accounts and provide a daily review of positions data against various rules-based compliance tests, applicable to client specific guidelines and restrictions, and product and regulatory requirements.

The information in this brochure does not include all the specific review features associated with each investment strategy or applicable to a particular client account. Clients are urged to ask questions regarding AMUS' review process applicable to a particular strategy or investment product, read all product-specific disclosures and determine whether a particular investment strategy or type of security is suitable for their account in light of their circumstances, investment objectives and financial situation.

Proprietary and third party portfolio management and trading systems are used to check adherence to client investment policies and guidelines.

AMUS' has an Investment Committee (IC) whose objective is to address matters relating to asset allocation products offered by AMUS, including but not limited to the MPA Program. The IC will delegate authority to Multimanager with regards to third party investment products.

The Company, through its Multimanager division (referred to herein as "Multimanager"), conducts due diligence based upon both quantitative (e.g., investment performance returns, rankings, tracking error etc.) and qualitative (e.g., firm, people, investment strategy and process, idea generation, portfolio construction etc.) factors to recommend the unaffiliated asset managers, and mutual funds available through MPA. As part of the qualitative review, multimanager will send firm and strategy questionnaires, analyze portfolio holdings, review performance attribution and conduct manager meetings.

Multimanager seeks to identify unaffiliated managers that they believe will deliver consistent

risk-adjusted returns going forward over a market cycle. Multimanager also conducts ongoing evaluation of the MPA managers through evaluation of key factors including personnel, organizational changes and investment performance. Style analytics, attribution and periodic performance comparisons against representative benchmarks and peers are used as part of the monitoring process.

Based upon its findings Multimanager may place an unaffiliated MPA manager on probation (“Suspend”). If the factors that led to the probation remain unresolved, Multimanager may recommend the removal the manager from the MPA program and may recommend a new or pre-existing alternative manager to replace the manager removed. In the event of an MPA manager change, impacted SMA investors will be notified by their respective Financial Adviser and provided with information on the alternative manager recommendations available by the Company. The portion of the client’s portfolio invested with the manager to be removed may be frozen until the replacement manager is established within MPA through consultation by the Financial Adviser with the client. The transition process from one manager to another may result in transactions that will generate realized gains and losses, and in turn, the client’s taxable capital gains or losses for the year. To the extent the new manager accepts responsibility for the management of specific security positions from the manager being replaced, the positions accepted by the new manager may be transferred from the terminated manager and received by the new manager without incurring a transaction cost.

In the case of UMA account holders, the Overlay Manager will be notified of the manager change and will be responsible for making the applicable investment decisions to transition the account taking into consideration the specifics of the client account, including restrictions, and if tax optimization services have been elected by the client, the tax considerations noted herein in respect of the tax optimization services. The Financial Advisers will be notified of the changes and given an opportunity to consult with their clients regarding the changes in their MPA UMA portfolios. The client may select, at this time, an alternative manager, mutual fund or ETF to the investment selection specifically recommended to replace the manager, mutual fund or ETF removed from the MPA recommended list of investment selections.

To the extent that the Investment Committee (“IC”) considers any investment products outside of those that have been selected by Multimanager, the IC will perform a level of due diligence that it considers appropriate. Due diligence may include a presentation from the portfolio manager or product specialist or similar subject matter expert that will describe factors that the IC may consider, such as the investment methodology employed, the experience of the team and performance history of the product or of similarly managed products.

Any product selected by the IC outside of those that have been selected by Multimanager will be reviewed periodically. The review may include relative performance and operational history. While the IC may consider absolute and relative performance, such measures will not be the sole determining factors in selecting or maintaining an investment product. Other factors, including conviction in the manager, level of disclosure and degree of engagement with the investment management team, may also be considered at the IC’s discretion.

From time to time the Company may also recommend changes to the asset allocation model

associated with a given risk profile. When such recommendations are made all SMA and UMA clients who fit the impacted risk profile will receive a notice of the change.

The Overlay Manager for UMA accounts will make the determination whether and when an account should be rebalanced based on market movements resulting in drift from the clients' selected asset allocations. Rebalancing is done at the individual account level. Clients who elect automated rebalancing will not be notified prior to the rebalancing. MPA clients may elect not to have their account automatically rebalanced. The Overlay Manager is also responsible for managing cash for UMA accounts. In managing cash the Overlay Manager may consider security-specific and systematic cash flows, asset allocation model or other relevant factors. The amount and frequency of client cash withdrawals may be limited and should be discussed in advance with your Financial Adviser.

The Custodian (or a designee) may provide each client with monthly, but in any event no less frequently than quarterly, account statements detailing the activity within the client's account. The statements will be based both on activity provided by the Custodian and may include internally generated reports provided by Multimanager or external third party service providers.

The asset allocation models and third party investment managers will be reviewed by the Company on a periodic basis. The review will focus on several factors, including the following:

- i. that the models are being managed in accordance with their investment objectives and mandates;
- ii. that the performance information of the investment managers has been deemed accurate by the Company; and
- iii. that activity reports received from the Custodian are consistent with that reported by the underlying selected managers.

Annual account reviews may be conducted (in person, if possible) by a client's financial advisor in order to determine if the client's profile remains current and accurate and that the performance of the account is consistent with the recommended asset allocation model. Any one or more of the following events may also trigger an account review:

- i. change in client's investment profile; or
- ii. change in the securities market or other economic conditions.

Monthly statements provided by the Custodian (or a designee) detailing current holdings and account activity are in addition to the quarterly performance reports provided by the Company for the investment portfolio of the client's account.

### **Factors Prompting Review of Client Accounts Other than a Periodic Review**

Industry factors, market developments, statutory and regulatory changes and any issues that may have been identified with respect to a client account may trigger reviews of the effected client accounts.

**Content and Frequency of Account Reports to Clients**

Clients receive regular quarterly reports or other periodic reports as requested or required by the Investment Advisory Agreement. These reports may include summaries of investment performance, fund market value, asset mix, investment strategy, market outlook, portfolio holdings, transactions and portfolio characteristics. In addition, AMUS or its representative typically meets with each client at least annually to review investment strategy, performance and administrative matters.

**Item 14**  
**Client Referrals and Other Compensation**

**Compensation to Non-Supervised Persons for Client Referrals**

AMUS may pay its affiliates and non-affiliates a cash fee for client referrals in accordance with Rule 206(4)-3.

## **Item 15**

### **Custody**

AMUS does not have custody of client assets and relies upon either an independent qualified custodians or an operationally independent affiliate for the custody of all client assets.



## **Item 16**

### **Investment Discretion**

AMUS usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, AMUS observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, AMUS' authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to AMUS in writing.

## **Item 17**

### **Voting Client Securities**

#### **Policies and Procedures Relating to Voting Client Securities**

Generally, AMUS will vote proxies for shares held in client accounts. In doing so, AMUS may retain third party voting services to provide research, analysis, and recommendations regarding votes and assistance in developing proxy voting guidelines. Instructions for obtaining client proxy voting records are provided in the Proxy Voting Policy. A copy of AMUS' Proxy Voting Policy can be provided on request.

Clients may obtain a copy of AMUS' complete proxy voting policies and procedures upon request. Clients may also obtain information from AMUS about how AMUS voted any proxies on behalf of their accounts.

**Item 18**  
**Financial Information**

AMUS has no financial commitment that impairs its ability to meet its contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

## **Appendix 1**

The MPA Wrap Program Brochure is presented as Appendix 1 of this ADV Part 2A as a separate brochure which is provided to MPA Program clients and/or prospective program clients prior to or at the time of entering into a MPA Program agreement.