



Form ADV Part 2A – Appendix 1

MANAGED PORTFOLIO ACCOUNT WRAP FEE PROGRAM BROCHURE**HSBC Securities (USA) Inc.**

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December 2024

This managed account or wrap fee program brochure for the Managed Portfolio Account (“MPA”) program provides information about the qualifications and business practices of HSBC Securities (USA) Inc. (“HSI”, “We”, or the “Firm”) and it should be considered before investing in MPA. If you have any questions about the contents of this brochure, please direct your written inquiry to the address listed above, or call (800) 662-3343. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about HSBC Securities (USA) Inc. is also available on the SEC’s website at www.adviserinfo.sec.gov.

HSI is a federally registered investment adviser with the SEC. Registration with the SEC or with any state securities authority, the use of the term “registered investment adviser”, and descriptions of HSI and some of our associates as “registered” does not imply a certain level of skill or training.

Investment Products:

ARE NOT A DEPOSIT OR OTHER OBLIGATION OF THE BANK OR ANY OF ITS AFFILIATES	ARE NOT FDIC INSURED	ARE NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY	ARE NOT GUARANTEED BY THE BANK OR ANY OF ITS AFFILIATES	MAY LOSE VALUE
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All decisions regarding the tax implications of your investment(s) should be made in consultation with your independent tax advisor.

Item 2: Material Changes to Our Part 2A-Appendix 1 of Form ADV Firm Brochure

There were no material changes made to the HSBC Securities (USA) Inc. (“HSI”) Form ADV Part 2A-Appendix 1 (commonly referred to as the “Brochure”) since the update of the Brochure in September 2024.

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Item 4: Services, Fees and Compensation

HSBC Securities (USA) Inc. (“HSI”, or the “Firm” or “We”) has been in business as an investment adviser registered with the U.S. Securities and Exchange Commission since 2005. HSI is also a broker-dealer which was originally formed in December 1969 under a predecessor name. The Firm is a Delaware corporation headquartered in New York City. HSI is also a wholly-owned subsidiary of HSBC Markets (USA) Inc. and an indirect wholly-owned subsidiary of HSBC Holdings plc.

HSI is the sponsor of a wrap fee account program referred to as the Managed Portfolio Account Program (“MPA” or “MPA Program”), which is a multi-product, fee-based separately managed account program. MPA offers two investment account options: Separately Managed Accounts (“SMA”) and Unified Managed Accounts (“UMA”). MPA is designed to assist clients, including individuals, trusts, estates or charitable organizations; retirement accounts; and corporations, limited liability companies and/or other business entities with their investment needs based on financial objectives, time horizon and risk tolerance. Through the MPA Program, HSI will facilitate access to professional asset management and other services and third party investment managers for a single “wrap” fee. UMA will also provide, at the client’s election, tax optimization services at no additional cost to U.S. persons, for U.S. taxes only.

HSI has entered into an agreement with HSBC Global Asset Management (USA) Inc. (“AMUS”) to perform certain services, for compensation, in the MPA Program. Additionally, HSI has entered into an agreement with HSBC Bank (USA) N.A., to perform certain services, for compensation, in the MPA Program.

In this Brochure we use the following terms to refer to the investment managers in the MPA Program:

- Model Manager (UMA option only) – an investment manager who provides model portfolios consisting of individual securities to HSI. Model Managers do not have discretion over a client’s account.
- SMA Manager (SMA option only) – an investment manager who invests client accounts in individual securities. SMA Managers have discretion over a client’s account.
- Overlay Manager (UMA option only) – HSI as the Overlay Manager implements a Model Manager’s recommendations in client accounts. HSI has delegated certain activities to an affiliate and a third party.
- Investment Strategy – refers to all investment vehicles used including mutual funds, ETFs, Models and SMAs.

Oversight

HSI, through the Managed Account Oversight Committee (“Committee”), oversees the operation of MPA as well as the services provided by AMUS and any other material vendor. The Committee is chaired by HSI and consists of members and invitees who are employees of HSI and AMUS. Employees of AMUS have no authority to make decisions or otherwise influence approvals of the Committee.

Services

HSI offers the MPA Program to its clients, and aside from sponsorship, is responsible for client contact, communications, suitability, account opening services such as Know Your Client and Anti-Money Laundering reviews, and relationship management. The Firm is also responsible for investment advice, trading, trade servicing, account maintenance, client service, custody of client assets and overall operational support for the Firm's investment advisory products. For additional information on custody, please see Item 9.

HSI also provides ongoing client services that include the following:

1. Periodic portfolio review and consultation with clients through our Investment Adviser Representatives ("Representative").
2. Handling subsequent transactions (additional investments and redemptions).
3. Responding to client inquiries about their accounts.
4. Requests for an annual in-person or telephonic meeting with clients to discuss the account and any changes to the client's investment objectives or reasonable investment restrictions.

Pursuant to an intercompany agreement, AMUS provides (i) advice as to proposed asset allocations, (ii) advice on investment strategies in the MPA Program and (iii) various operational services. HSI compensates AMUS for these services. In addition, some strategies available in the programs are managed under an intercompany agreement with HSBC Bank USA, N.A. (HBUS).

Please note that financial planning tools can be made available to help clients from time to time. Such financial planning tools, and any financial plan generated, are offered at no additional cost. However, products or services selected as a result of an implemented plan will result in a cost to you and fees for HSI. Please note that you are under no obligation to use any HSI product or service to execute the financial plan generated by the financial planning tool.

Rollovers

We provide educational material regarding the options available to customers in qualified plans, but we do not provide any type of advice or recommendations about a customer's qualified plan, nor do we make any recommendations about whether or not to roll over a plan. HSI does not provide advice regarding rollover decisions and instead provides only educational material for customers to evaluate and independently consider, and should not be viewed, construed, or relied upon, as investment or fiduciary recommendations or advice under ERISA or the Code. HSI is not acting as a fiduciary under ERISA or the Code when you decide to engage us in a new service, including with respect to your decision, or the decision of a plan participant, to roll over assets into an IRA. If a financial plan is generated to a customer, who has decided to make a rollover, the financial plan is not and is not intended to be fiduciary investment advice under ERISA or the Code.

If you choose to roll over from a plan, we will then, at your request, make recommendations about our services and products for investments that the customer can choose to implement in an HSBC Securities

IRA brokerage or advisory account or an IRA annuity. Because we will only be paid for our services if you choose to roll over your plan account to an account at HSBC, we have an incentive to encourage you to rollover to an account with us, which we mitigate through our policies and procedures. For more information about rollovers with us, please refer to our online page at <https://www.us.hsbc.com/investments/retirement/ira/> for educational material available. To request relevant acknowledgement forms, please contact your Representative, or call our Wealth Services Desk at 800.662.3343 M-F (8am-6pm) ET.

HSI contracts with HSBC's Global Manager Selection – Funds & ETFs team (referred to as “GMS”) and HSBC Alternative Investments Limited (HAIL), to conduct due diligence and to provide a basis for HSI to review and approve third party investment strategies and funds that are aligned with the asset allocations offered within the MPA Program. GMS also reviews proprietary HSBC strategies for HSI. The due diligence process employed by GMS for assessment of proprietary strategies is different from the approach GMS typically applies to third party funds and strategies. Several aspects typically covered in third party reviews are not included in the proprietary due diligence - and GMS' conclusions around some of these areas may, at times, come from internal HSBC certifications from various business and oversight functions including (where necessary & appropriate) confirmations from investments, risk, and regulatory functions. HSI makes the final selection of investment strategies to be used.

HSBC Alternative Investments Limited (HAIL) provides certain services for the Programs related to alternative funds effective on or about April 3, 2023.

HSI does not offer managed account or wrap fee programs other than HSBC Spectrum, Spectrum II and Offshore Spectrum Account Programs (“Spectrum, Spectrum II and Offshore Spectrum”) and MPA, its proprietary investment advisory offerings. Accordingly, HSI offers a limited range of investment advisory solutions available to meet certain client's particular circumstances.

Spectrum, Spectrum II and Offshore Spectrum make available access to the services of an Investment Adviser Representative (“Representative”) who is available to discuss updates in the client's financial situation and handle account updates and changes.

General and specific disclosures for the Spectrum and Spectrum II program offerings are covered in separate Form ADV Part 2A and Appendixes 1.

The documents for Spectrum, Spectrum II and Offshore Spectrum can be found in the following website:

<https://www.us.hsbc.com/investments/products/asset-allocation/>.

- The Spectrum program offers actively managed Mutual Funds and passively managed Exchange-Traded Funds (“ETFs”) (collectively “Funds”). Spectrum also has the option to offer actively managed ETFs and passively managed index funds.
- The Spectrum II program offers actively managed mutual funds. Spectrum II also has the option to offer actively and passively managed ETFs and passively managed index funds.
- The Offshore Spectrum Program is a discretionary offshore fund asset allocation program 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 Offshore Spectrum

- Program offers managed funds and Exchange Traded Funds (ETFs) (collectively “Funds”).
- The Spectrum programs are described in a separate brochure.

Reinvestment/Distribution Models

Clients can choose to receive dividends, interest, distributions and other income paid on securities held in the account (collectively “Distributions”) directly or reinvest the Distributions in accordance with the Investment Strategy used for their account. Clients should reach out their Representative for more information.

Please note, the payment of Distributions to the client can affect the performance of the account.

Clients that wish to reinvest Distributions in their account should choose portfolios that only allow reinvestment. Model Managers that provide reinvestment-only model portfolios do not select securities with particular dividend targets and payment of the income stream can be inconsistent month over month.

In the event you wish to have your distributions reinvested, for exchange traded funds and individual securities, any dividends and interest will be invested into the sweep money market funds until the next regularly scheduled rebalance takes place. When applicable the dividends and capital gains paid on mutual funds will be reinvested according to the model chosen.

Clients should consider legal and/or tax implications when considering their options regarding Distributions and consult with their attorney or tax advisor.

HSBC also offers certain strategies in the MPA SMA Program which are available to qualified Non-Resident Aliens who reside in approved jurisdictions. Please refer to Item 9 regarding Conflicts of Interest.

Comparison of SMA Option to UMA Option

SMA Option

In the SMA Option, a client’s assets are managed in a single strategy or “sleeve.” An SMA Manager will invest a client’s account in individual securities. The SMA Manager has discretion over the client’s account.

UMA Option

In the UMA Program, a client’s assets are managed using several strategies, or sleeves. Each sleeve will be invested in mutual funds, ETFs, or individual securities recommended by a Model Manager. Model Managers do not have discretion over a client’s account. HSI, as the Overlay Manager in the UMA Program, has discretion over a client’s account and implements the recommendations from Model Managers.

The Overlay Manager is authorized to make changes to the assets in client accounts and/or to reallocate assets at any time (including an allocation into a new asset class), without consulting clients, for any reason it deems appropriate, including, without limitation, to respond to general market or macroeconomic circumstances, or to rebalance the assets periodically to restore the original allocation percentages or target weights. The Overlay Manager can reallocate assets to reflect changes such as the introduction of new asset classes or new model portfolios, as well as the removal of asset classes or model portfolios.

Periodic rebalancing of accounts, as well as the allocation of subsequent investments and partial withdrawals, is subject to minimum trade size requirements and minimum asset class thresholds. Any reallocation may trigger tax consequences as well as redemption fees for certain mutual funds. In order to facilitate these reallocations, HSI is authorized to institute a mandatory blackout period, during which trading in the account can be limited or suspended.

As a service provider to HSI, AMUS oversees the asset allocations used in MPA and provides the subject matter expertise and administrative resources to support the MPA Program. AMUS collaborates with various HSBC Global Asset Management teams to develop Strategic Asset Allocations (“SAA”) subject to limits (e.g., asset classes and risk tolerance bands) and Tactical Asset Allocation (“TAA”) views based on both global and local inputs. AMUS considers a number of factors when determining whether to recommend to HSI a change in the tactical asset allocation, including macroeconomic analyses, market trends, valuation of asset classes and outlook for asset classes. This means that HSBC Securities, at its discretion, can change the target asset allocation periodically based upon AMUS’s advice.

HSI chooses mutual funds, SMA Managers, Model Managers and ETFs available in the MPA Program, using a process involving quantitative and qualitative factors provided by GMS to determine how well the investment strategy represents its asset class. The investment strategy can include U.S. and foreign equity securities (including emerging market securities), and investment grade, lower quality corporate and governmental fixed income securities. Mutual funds also can invest in financial instruments such as swaps and other derivatives to gain exposure to a particular group of securities, an index or an asset class (such as commodities), or to hedge a position.

Environmental Social Governance (ESG) Funds

Effective on or about November 20, 2023 HSBC Securities (USA) Inc. will no longer offer ESG Funds in the UMA Program. Clients who have ESG funds in their existing UMA portfolios can maintain existing positions and continue to fund additional shares. However, clients will not be able purchase new ESG funds in their UMA account(s). ESG funds are only available in the Spectrum II Program. General and specific disclosures for the Spectrum II program offerings are covered in separate Form ADV Part 2A. Please see additional disclosures further in Item 6 and Item 9.

Client Profile

The Representative will assist clients in completing information requests designed to elicit personal, financial and investment information concerning the client’s financial circumstances, risk preference and tolerance, liquidity requirements, and investment objectives.

The client, in consultation with their Representative will use the U.S. Risk Profile Questionnaire and Scoring to evaluate the level of risk and investment preference desired for the client’s MPA investment portfolio. As a result of this consultative process, the Representative prepares a Proposal for the client’s MPA Program account. The Proposal will contain a recommended asset allocation that takes into account the client’s investment objectives, risk tolerance and the investment products available through MPA. For the UMA Option the client can make adjustments within certain parameters to the asset allocation targets. Client assets will be invested in accordance with a mix of investment strategies using multiple Model Managers (in the UMA Option) or in a single investment strategy (in the SMA Option).

The client's Representative will consult with the client periodically, but not less than annually, by requesting an in-person or telephonic meeting (or will otherwise meet the regulatory requirements for an annual meeting) to determine whether to update the client's financial information and determine whether any changes should be made to the client's Proposal, asset allocation, risk tolerance, or other factors that would affect the management of the client's account. Clients are also encouraged to contact their Representative promptly in the event of any material changes to the information they have provided, or any other changes in their financial circumstances or investment goals that would affect the management of their account.

Portfolio Management

UMA Options

HSI will recommend an asset allocation and a menu of recommended investment strategies in each asset class. The client can also indicate their own personal preference for an asset allocation based on their unique financial circumstances and subject to certain guidelines for each asset class. The client, in consultation with the Representative, will select one or more of the investment strategies to fulfill each asset class.

HSI acts as Overlay Manager to provide portfolio implementation and coordination services for the client's account. HSI has delegated certain activities to an affiliate and a third party. In addition, HSI can at its discretion engage an unaffiliated Overlay Manager upon thirty (30) days written notice to the client.

Client adjustments to recommended asset allocation, investment strategies, investment restrictions and preferences can materially affect the composition and performance of investment portfolios. In addition, each client's account begins investing at different times in different market conditions, which can also have an effect on the account's investment return. The timing of the client's contributions to or withdrawals from the account also can affect account performance. For these reasons, the performance and investment returns of MPA client accounts with the same or similar investment objectives will differ.

The optional tax optimization service in UMA uses a client's portfolio information to evaluate the tax implications of portfolio trades prior to execution. Within an MPA UMA client's account portfolio, where possible, gains and losses across multiple investment styles will be selected to minimize the overall tax impact. The tax impact of portfolio rebalancing will also be evaluated. Specific information as to client's tax status and other financial information (including holdings in non-MPA accounts) will not be considered in this service. There can be no assurances that the service will result in the optimal tax consequences for clients. In addition, the tax optimization service can have a negative impact on the investment performance of a UMA account and any such negative impact may not be fully offset by tax benefits, if any. The tax optimization services should not be considered tax advice. Potential clients should consult with their independent tax advisors to assess the tax implications of the optimization service. The service is offered to U.S. persons, for U.S. taxes only.

Periodic rebalancing and liquidations may cause certain securities in an account to be restricted from purchases for a period of 30 days due to wash sale rules. HSI will not invest contributions that are deposited into accounts with wash sale restricted securities until the 30-day wash sale restriction has expired. As a result, an account may have a higher than normal cash position for a period of time. This situation may adversely affect account performance.

Services Provided by Pershing® LLC (“Pershing”)

In support of the MPA Program, Pershing provides HSI with a technology solution for providing client proposals, submitting and tracking service orders and maintenance requests, and creating performance and other reports. Pershing also provides operational services including new Client Account set up; maintenance; order processing; billing (including implementation of fee schedules, inception billing, quarterly billing and contribution and withdrawal billing); mailed and/or electronic performance reporting, quarterly reports and daily on-demand summaries. Pershing’s affiliate, Lockwood Advisors, Inc. (“Lockwood”) enters into agreements with the SMA Managers in the MPA Program. Pershing effects the purchase and/or sale of securities in a Client UMA sleeve after the Overlay Manager updates a model. Pershing also invests new sleeves or rebalances existing sleeves in accordance with the selected Model Portfolio.

Proxy Voting

HSI is authorized to vote proxies for the securities held in MPA Program accounts. For the single-sleeve SMA accounts, HSI has delegated this authority to the MPA SMA Managers. For the multi-sleeve UMA accounts, a third party voting service, Institutional Shareholder Services (“ISS”), acts as an independent voting agent on behalf of HSI. ISS provides proxy analysis and voting recommendations, manages the operational process, and votes proxies based on HSBC’s guidelines. If there is a conflict or need for clarification ISS refers the proxy to AMUS, which will review it as part of the services that AMUS provides to the MPA program. AMUS will use any research provided by ISS in rendering its decision and submitting the proxy vote. A copy of AMUS's Proxy Voting Policy and information about how proxies were voted is available upon client request.

A client can vote proxies for their Account by notifying HSI in writing. HSI is not liable if the client does not receive proxies in sufficient time to vote them.

Custody and Reporting

HSI or another financial intermediary serves as custodian for accounts. Currently, HSI has entered into an agreement with Pershing® LLC (“Pershing”) to act as the custodian for the MPA Program. Pershing is located at One Pershing Plaza, Jersey City, New Jersey 07399. Pershing will generally furnish monthly, but no less frequently than quarterly, account statements summarizing account activity during the period. Clients can suppress receipt of separate trade confirmations for an account by completing a confirmation suppression request. Information from the confirmations will be reported at least quarterly to the client, in lieu of separate trade confirmations.

Pershing facilitates the production and mailing of quarterly performance statements to clients in the MPA Program. The performance statements are intended to inform clients as to how their accounts within the MPA Program have performed during the period and are not intended to replace the statements of the Custodian.

HSI from time to time comes into possession of the client assets. As such, on an annual basis, HSI must ensure that the requirements of the Custody Rule are met (e.g., the performance of a surprise examination by an independent public accountant).

Reasonable Restrictions

A client can request reasonable restrictions on the investments in the account. For example, a client may request that the SMA Manager or Overlay Manager not buy a particular stock or stocks from a particular industry. If a restriction request is so overly broad as to make it not possible to manage the account according to the strategy, HSI will work with the client's Representative to determine a potential alternative. Reasonable restrictions are subject to approval by the SMA Manager or Overlay Manager. The allocation to restricted securities in MPA UMA separately managed account models will be prorated across the other non-restricted securities in a model.

Discretionary Authority: SMA

HSI's discretionary authority is limited to evaluating and monitoring the SMA Managers responsible for managing the assets in a client's account. Neither HSI nor AMUS has responsibility or liability for the individual investment decisions of any SMA Manager. However, some strategies available in the SMA program are managed under an intercompany agreement with HSBC Bank USA, N.A. (HBUS) wherein HBUS serves as the SMA Manager.

The client will designate SMA Managers, including an affiliate of HSI, who will have investment discretion over their account. The SMA Manager will determine the securities to be purchased, held or sold for an account and the weightings thereof, subject to any reasonable investment restrictions or limitations imposed by client, properly communicated in writing to HSI and accepted by the SMA Manager(s).

Discretionary Authority: UMA

HSI acts as Overlay Manager to provide portfolio implementation and coordination services for the Account. HSI has delegated certain activities to an affiliate and a third party. In addition, HSI can at its discretion, engage an unaffiliated Overlay Manager upon thirty (30) days written notice to the client.

HSI's discretionary authority is limited to establishing and rebalancing the asset allocation; evaluating, selecting and monitoring the Model Managers, investment strategies and coordinating investment restrictions; and, if selected, performing tax optimization in each UMA account. HSI has no responsibility or liability for the individual recommendations of any Model Manager or the investment manager of any mutual fund or ETF.

Best Execution and Brokerage Services

Each SMA Manager has the discretion to select broker-dealers to execute trades and is responsible for selecting broker-dealers in a manner consistent with its obligation to seek best execution. Clients are encouraged to review the SMA Manager's Firm Brochure regarding its brokerage practices. SMA Managers will generate trade recommendations and orders through a variety of methods and transmit those orders to HSI's designated trading entity at Pershing.

SMA Managers will seek to execute securities purchases and sales with or through Pershing, and can also execute fixed income trades with or through Pershing but rarely do. Clients authorize and direct all transactions in their account, except as provided below, to be effected by or through Pershing. See the Trading Away section below for additional information. HSI generally provides securities execution and related brokerage services using Pershing's clearing and execution facilities.

If the SMA Manager believes using another broker-dealer is consistent with its obligation to seek best execution on a particular transaction, the SMA Manager can use a broker-dealer other than Pershing. Please refer to an SMA Manager's Form ADV brochure for information about its selection of broker-

dealers. When the SMA Manager directs transactions for execution with or through broker-dealers other than Pershing, the client will incur additional transaction costs not included in the MPA investment advisory fee. These transaction costs will not be shown on the brokerage statements or trade confirmations, and are embedded in the price of the security.

Clients sometimes pay exchange or similar fees to third parties, including but not limited to fees to convert foreign shares to American Depositary Receipts as well as foreign taxes. All of these charges are in addition to the MPA Program fee.

Trading Away for SMA Managers

Clients should be aware that some SMA Managers, particularly those specializing in fixed income, have placed all or substantially all of their client trades with another broker-dealer for execution, also known as “trading away”. Some SMA Managers also trade away in foreign ADRs or U.S. equity securities; however, the level of this trading away varies by manager however is generally minimal.

SMA Managers trade away for various reasons, including because it can be more efficient to place a single trade for all clients rather than a series of trades for their clients in different wrap programs. Please refer to a SMA Manager’s Firm Brochure for information about its selection of broker-dealers.

If the SMA Manager executes trade orders with another broker-dealer, you likely will incur trading costs in addition to the Program Fee. The trading costs can include commissions, markups, mark downs or “spreads” paid to market makers in addition to the Program Fee. They will be embedded in the price of the security and not shown on a confirmation or statement.

Special Disclosures for Fixed Income Manager Neuberger Berman

Neuberger Berman Tax-Exempt Intermediate Maturity Fixed Income Strategy (Neuberger Berman)

The Neuberger Berman SMA Manager, buys and sells municipal securities for clients on various electronic trading platforms; these platforms typically charge between \$0.10 to \$10 per bond. The higher fee rate will be usually charged when very small lot sizes are being traded. These transaction costs will not be shown on the brokerage statements or trade confirmations, and are embedded in the price of the security.

Principal, Agency and Cross Transactions

SMA Manager places trades in the SMA Option, and Pershing places trades in the UMA Option. Please refer to the SMA Manager’s Firm Brochure for its trading practices.

HSI acts as an introducing broker for the MPA Program (and other clients and programs), using the clearing and execution facilities of our third party clearing agent, Pershing, for all securities transactions executed within a client’s account, subject in all cases to best execution obligations and applicable law.

It is HSI’s policy that the Firm will not affect principal or cross trade transactions in the MPA Program. In a principal transaction, 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. In an agency cross transaction, 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 adviser acts as broker for both the advisory client and for another person on the other side of the transaction.

In some cases, when a client is funding their Account they may own an HSBC issued Structured Certificate of Deposit or Note (collectively “Structured Products”). When selling or making an early redemption of Structured Products, HSI will engage in a principal or cross trade to unwind the constituent parts of the Structured Products. HSI as a broker-dealer at times will receive incidental compensation for liquidating Structured Products, however, the Wealth Management division of HSI does not receive any compensation on the early redemption of Structured Products. HSI as an investment adviser does not receive any compensation when a client sells a Structured Product to fund its managed account.

Termination

The client agreement can be terminated by either party by written notice to the other party. The notice period is found in the account agreement. Account termination will not affect: (i) the validity of any action taken previously by HSI under the client agreement; (ii) liabilities or obligations of the parties from transactions initiated before termination; or (iii) the client’s obligation to pay advisory fees pro-rated through the date of termination. Please see the MPA Client Agreement for full details.

Fees and Other Charges

Fees are charged quarterly in advance. Fees are calculated as a percentage of assets in the account as of the last business day of the previous calendar quarter. The client authorizes the Custodian to deduct HSI’s and AMUS’s or HBUS’s fees directly from the client’s account.

HSI’s fee covers all advisory, administrative, custodial and brokerage services, under the Program except that HSI’s fees **do not** include:

- brokerage transaction fees or commissions associated with Trading Away
- dealer markups or markdowns that are embedded in the price of certain securities, executed on a “net” basis, (e.g. fixed income securities);
- any fees imposed by regulatory or governmental authorities (including those imposed by the Securities and Exchange Commission);
- wire transfer and other miscellaneous fees incurred in the underlying HSI brokerage account (See HSI brokerage fee schedule, available from HSI or your representative);
- costs associated with special requests by a client; or
- any management, administrative, distribution or other operating fees or expenses of a mutual fund (including a money market fund) or ETF held in the Account. These separate operating fees and expenses are disclosed in the fund’s or ETF’s prospectus.

No fee adjustment will be made for appreciation or depreciation in the asset value of the Account during any quarterly period. If during a billing period, a client makes a contribution or withdrawal equal to \$25,000 or more of cash or securities or other assets (other than dividends, interest or capital gains distributions on securities held in the Account), the client’s next quarterly advisory fee will be credited or debited (on a pro rata basis) accordingly through a separate billing made in arrears. This amount is based upon the market value of the additional assets, prorated for the number of days remaining in the billing period and based on HSI’s then-current fee schedule applicable to the account. A pro rata portion of any prepaid fees will be returned, in the event of termination of the account agreement.

The mutual funds and ETFs made available through the MPA Program include both funds advised by non-HSBC investment companies (third party funds) and funds advised by HSBC Global Asset Management

(USA) Inc. (“AMUS”) or its affiliates who provide investment advisory services (proprietary funds). The only money market funds available in the MPA Programs are the proprietary money market funds.

HSI pays a portion of the MPA Program fees to the Program’s service providers. In addition to Program fees, clients pay their share of a mutual fund’s or ETF’s fees and expenses, which include 12b-1 (distribution) fees, management fees, administrative fees, operating costs, and all other asset-based costs.

For information regarding the structure, fees, and risks associated with investing in ETFs, see the SEC’s Investor Bulletin on ETFs: <https://www.sec.gov/servlet/sec/investor/alerts/etfs.pdf>

In the MPA Program, HSI does not credit its representatives with any 12b-1 fees HSI receives. However, when HSBC receives 12b-1 fees, the Firm’s policy is to credit the client’s account in an amount equal to the amount of the client’s share of any Rule 12b-1 fees the Firm received.

Representatives are paid a salary with the opportunity to receive a discretionary variable pay, which creates conflicts between you, us and your professional. Please see Item 9B “Material Relationships or Arrangements with Related Persons” and “Other Compensation” sections for additional information.

The current MPA Program fee schedules for SMA and UMA are:

SMA

1. Standard Fee Schedule

Model:	All Fixed Income	All Equity
Total Portfolio Assets Under Management:	Fee rate per (annum) on assets ^{L1}	
First \$500,000	1.50%	2.50%
Next \$500,000	1.20%	2.00%
Over \$1,000,000	0.95%	1.50%

2. HSBC U.S. Treasury Strategy –No longer offered to new clients as of December 11, 2024

Total Portfolio Assets Under Management:	Fee rate per (annum) on assets ^{L1}
First \$5,000,000	0.50%
Next \$5,000,000	0.375%
Over \$10,000,000	0.25%

^{L1} L1 - Fiduciaries of ERISA and Tax Qualified Plans should refer to Section 3 of the advisory agreement for a discussion of certain credits applicable in the event investments are made in affiliated mutual funds.

UMA

Standard Fee Schedule for accounts opened on or after November 10, 2014:

Model:	Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive
Total Portfolio Assets Under Management:	Fee rate (per annum) on assets^{L1}				
First \$500,000	1.55%	1.60%	1.70%	2.15%	2.50%
Next \$500,000	1.25%	1.30%	1.35%	1.70%	2.00%
Over \$1,000,000	0.90%	0.95%	1.00%	1.30%	1.50%

The above referenced fee schedule applies to new clients in the MPA Program(s). Accounts opened in the past were opened under a different fee schedule.

Fees are generally negotiable. HSI in its sole discretion can discount the MPA Program Fee. Negotiated fees are subject to review and adjustment.

Certain qualifying related accounts participating in the managed account programs are entitled to discounted fees. To determine if a client's related account is eligible for a discount, clients should contact their Representative.

Comparison Cost of Service

The MPA Program can cost clients more or less than purchasing such services separately depending on the frequency of trading in the client's account, commissions charged at other broker-dealers or investment firms for similar products, advisory fees charged by other investment firms, and other factors.

Please consult the advisory agreement, accompanying schedule of fees, and fund prospectuses for other terms, conditions, representations and disclosures relating to the MPA program. HSI encourages clients to review each recommended SMA Manager's Firm Brochure for their respective conflicts of interest, trading, privacy policies, codes of ethics, etc.

Account Funding

If a prospective client intends to fund an MPA account with assets from the redemption of securities, mutual funds, the surrender of an insurance product, early withdrawal from a certificate of deposit, or the sale of any other financial instruments, the client should consider the cost of any possible sales charges, fees or commissions previously paid or to be paid upon such redemption or sale, or any penalties that the client will incur in order to surrender or withdraw from, certain instruments. It can be costly or inappropriate to fund an MPA account in this manner.

An ACH (automated clearing house) transaction is a bank transfer that occurs between banks at your direction and authorization. ACH transfers to/from your MPA Account can only be made to/from your HSBC Bank account. Please note there are limits to the amount of money that you can transfer in from

your HSBC Bank account. As these limits are subject to change, please contact your Representative for additional information.

Item 5: Account Requirements and Types of Clients

HSI has established a minimum account size of \$250,000 for MPA accounts and can waive this minimum account size at its discretion. Each SMA Manager also has a minimum account size. Smaller Program accounts can have different performance than larger accounts.

A client's account can include a mutual fund that has higher fees and expenses than a similar Model Manager or SMA Manager. HSI will not necessarily exchange a mutual fund for a similar Model Manager or SMA Manager with a higher investment minimum if a client's assets increase to above the investment minimum. Clients should discuss all investment options with their HSI Representative.

HSI will terminate accounts that fall below these minimums in HSI's sole discretion.

Some SMAs within the MPA programs can be offered to non-U.S. clients.

Item 6: Investment Strategy and Asset Allocation Evaluation

Investment Strategy Evaluation

HSI has entered into agreements with AMUS and GMS to provide certain services for the Programs. Effective April 3, 2023, HSI has entered into an agreement with HAIL to provide certain services for the Programs related to alternative funds.

The methods of analysis and investment strategies AMUS, GMS and HAIL use in the MPA Programs are outlined below.

HSI makes decisions regarding investment strategies leveraging the funds researched by GMS. GMS researches and approves third party investment strategies (mutual funds, ETFs and separately managed accounts) using a variety of qualitative and quantitative criteria.

GMS also reviews proprietary strategies using a similar approach focused primarily on the investment team, the strategy and its historical track record. GMS also reviews proprietary HSBC strategies for HSI. The due diligence process employed by GMS for this assessment of proprietary strategies is different from the approach GMS typically applies to third party mutual funds and strategies. Several aspects typically covered in third party reviews are not included in the proprietary due diligence - and GMS' conclusions around some of these areas may, at times, come from internal HSBC certifications from various business and oversight functions including (where necessary & appropriate) confirmations from investments, risk, and regulatory functions. HSI makes the final selection of investment strategies to be used.

GMS conducts due diligence based upon both quantitative (e.g., investment performance returns, peer rankings, tracking error, expense ratio, etc.) and qualitative (e.g., firm, people, investment strategy and process, portfolio construction, etc.) factors to approve the investment strategies available through the MPA Program. As part of the qualitative review, GMS will review performance attribution, analyze portfolio holdings and assess liquidity and capital erosion. Risk metrics and periodic performance comparisons against representative benchmarks and peers are used as part of the quantitative process.

GMS also conducts ongoing monitoring of the investment strategies using similar criteria as the initial review process.

Alternative Funds used within the MPA Programs

Similar to GMS, HAIL researches and approves alternative Funds using a variety of qualitative and quantitative criteria. HAIL conducts due diligence based upon both quantitative (e.g., investment performance returns, peer rankings, etc.) and qualitative (e.g., firm, people, investment strategy and process, portfolio construction, etc.) factors to approve the investment strategies available through the MPA program. Performance comparisons against representative benchmarks and peers are used as part of the quantitative process. HAIL also conducts ongoing monitoring of the Funds using similar criteria as the initial review process and may place a fund on Hold or move a fund to Not Approved similar to the GMS process described below.

Certain funds available within the MPA UMA Program that are not labeled as sustainable investment funds may include sustainability considerations in their investment processes, but any such funds (are not included for their sustainability considerations but instead for other qualities of their investment focus or strategies. The UMA advisory program allows clients the option to customize their fund selections using the fund menu.

Based upon its findings during the ongoing monitoring, GMS may change the status of an investment strategy to “Hold.” If the factors that led to a Hold status remain unresolved, GMS will change the status of the investment strategy to “Not Approved/Not Recommended.” A Fund’s status may change directly to “Not Approved/Not Recommended” in case the concerns are material requiring immediate action. In certain cases where there is a significant change affecting the investment strategy, HSI can recommend the immediate removal without a hold period. MPA Clients are notified via their client statement or mailing provided with information on the selected replacement Investment Strategy.

Depending on the circumstances, HSI reserves the right to freeze the client’s portfolio until the replacement investment strategy is established within the MPA program. The transition process from one investment strategy to another may result in transactions that will generate realized gains or losses. To the extent the SMA Manager of a replacement strategy accepts responsibility for the management of specific security positions from the strategy being replaced, the transfer of positions to the new strategy will not incur a transaction cost.

Please also refer to the SMA Manager’s Firm Brochure in addition to the prospectuses for funds offered in the programs for descriptions of investment strategy risks.

Asset Allocation Evaluation

AMUS oversees the asset allocation used in the MPA program and provides administrative resources to support the program. In providing this service, AMUS collaborates with HSBC Global Asset Management to develop the asset allocation models, considering both its long-term and its short-term tactical views. Over the long-term, Strategic Asset Allocations (“SAA”) take into account expected long-term asset class returns, volatilities and correlations in determining recommended allocations, subject to restrictions such as appropriate asset classes and risk tolerance bands. As such, SAAs reflect our long-term expectations for capital markets balancing expected returns with a reasonable level of volatility for the models in the

Program. Ranges / guidelines are provided for each asset class to allow for client flexibility. SAAs and asset class ranges are reviewed periodically. In the short-term, capital markets will often deviate from our expectations and present the opportunity to adjust our recommended allocations. In periodically reviewing the models, AMUS will make refinements to the asset allocation models using Tactical Asset Allocation (“TAA”) which adjusts allocations considering short-term trends and relative valuations in capital markets. As such, TAA seeks to take advantage of relative valuation opportunities that arise in the short-term and are expected to enhance portfolio performance over the long-term. In making recommendations, AMUS will source the information and tools used in its analysis from both global and local teams balancing our long-term strategic expectations with short-term tactical opportunities. This means that HSI, at its discretion, may change the asset allocation models periodically based upon the advice provided by AMUS. The client can also change an asset allocation based on their unique financial circumstances and subject to certain guidelines for each asset class.

Review process for Environment, Social Governance (ESG) Funds:

- ◆ GMS conducts due diligence on ESG/sustainable funds to assess their ESG characteristics, evaluating their ESG intentionality and ensuring this is reflected in their resultant portfolio.
- ◆ On a fund-specific level, GMS applies HSBC Group’s Sustainable Investment (SI) definitions to determine if a fund is an ESG fund. In addition to the alignment to SI definitions, GMS undertakes a qualitative evaluation of ESG considerations, with a deep dive into the sustainable investment philosophy, style, proprietary ESG frameworks and voting policy; and an-evidence-based assessment that ensures the approach consistently reflects in the portfolio holdings.
- ◆ The ESG assessment is documented, discussed and approved through various committees. The committees will review new ESG fund additions as well as fund downgrades / upgrades and will take note of completed fund reviews where the status remains unchanged.

Each fund manager may use different metrics such as ESG rating and carbon intensity to measure the environmental or social impact of their strategies. The criteria used can be highly subjective and may vary significantly across and within sectors. HSI through Global Manager Selection – Funds & ETFs (“GMS”) undertakes its own due diligence when selecting managers for ESG consideration. While GMS conducts its own due diligence, GMS is still reliant on the underlying proprietary ESG measurement criteria used by fund managers, and does not conduct its own due diligence into a manager’s proprietary ESG measurement scoring or criteria. There is no guarantee that the nature of the ESG characteristics of an investment will be aligned with any particular investor’s ESG objectives or that the stated level or target level of ESG goals will be achieved.

Share Class Evaluation

In the UMA Option where mutual funds can be held, some mutual fund share classes charge distribution fees (12b-1 fees), shareholder servicing fees, and/or sub-transfer agency fees. Some mutual fund sponsors or distributors also pay a portion of their fees to offer their shares in other UMA programs, a practice called “revenue sharing.” HSI credits 12b-1 fees received, and does not accept revenue sharing payments from any of the mutual funds in the UMA option.

While we seek to provide you with the lowest cost share class of a Fund, whether we offer the lowest cost share class to clients depends on several factors. First, a fund may not make its lowest cost share class available in the Programs. Second, some institutional share classes are not available to retail investors, in or outside of the Programs. Third, if Pershing charges us a fee to trade lowest-cost share classes for your Account, we will not use that share class for your account. When we offer a higher-cost share class because

Pershing charges us a fee to trade the lowest-cost class, we have a conflict of interest, because we are avoiding paying a fee while causing your Account to pay higher Fund fees and expenses. When we offer a share class in the Programs that is not the lowest cost class, you will pay higher Fund fees and expenses, which will reduce your returns and lower the performance of your Account. Some lower cost share classes are available outside the Programs, but you will not receive the Programs' services and benefits. There will be no cost to you if HSI initiates a share class conversion; however, you may have tax consequences. Any share class conversions will be reflected on your account statements.

Risks:

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase in value and your account(s) could enjoy a gain, it is also possible that the stock market may decrease in value and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

Investments in a client's MPA account and shares of funds, including money market funds, are: **not a deposit or other obligation of HSBC Bank or any of its affiliates; not FDIC insured or insured by any federal government agency of the United States; not guaranteed by HSBC Bank or any of its affiliates; and are subject to investment risk, including possible loss of the principal amount invested.**

Set forth below are certain material risk factors that are often associated with the investment strategies and types of investments relevant to most of HSI's 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. Not all risks are applicable to all products. 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 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.
- *Asset-Backed Security Risk:* Asset-backed securities are debt instruments that are secured by interests in pools of financial assets, such as credit card or automobile receivables. The value of these securities will be influenced by the factors affecting the assets underlying such securities, changes in interest rates, changes in default rates of borrowers and private insurers or deteriorating economic conditions. During periods of declining asset values, asset-backed securities may be difficult to value or become more volatile and/or illiquid. Asset-backed securities may not have the benefit of a security interest in collateral comparable to that of mortgage assets, resulting in additional credit risk.
- *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.
- *Concentration Risk:* When a model or client account invests in a concentrated number of asset classes or sectors, a decline in the value of these asset classes or sectors may cause your overall account value to

decline to a greater degree than that of a less concentrated model. Models that invest a large percentage of assets in only one asset class or sector (or in only a few) are more vulnerable to price fluctuation than models that diversify among a broad range of asset classes or sectors. Some mutual funds and ETFs focus investments on a small number of stocks, bonds, industries, foreign currencies or particular countries which increases risk. These funds are more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified fund might be.

- *Convertible Bond Risk.* Convertible bonds are subject to the risks of equity securities when the underlying stock price is high relative to the conversion price (because more of the security's value resides in the conversion feature) and debt instruments when the underlying stock price is low relative to the conversion price (because the conversion feature is less valuable). A convertible bond is not as sensitive to interest rate changes as a similar non-convertible debt instrument, and generally has less potential for gain or loss than the underlying equity security.

- *Counterparty Risk:* The risk that the other party to an investment contract, such as a derivative (e.g., ISDA Master Agreement) or a repurchase or reverse repurchase agreement, will not fulfill its contractual obligations or will not be capable of fulfilling its contractual obligations due to circumstances such as bankruptcy or an event of default. Such risks include the other party's inability to return or default on its obligations to return collateral or other assets as well as failure to post or inability to post margin as required applicable credit support agreement.

- *Commodity Related Investments Risk:* The risks of investing in commodities, including investments in companies in commodity-related industries may subject a portfolio to greater volatility than investments in traditional securities. The potential for losses may result from changes in overall market movements or demand for the commodity, domestic and foreign political and economic events, adverse weather, 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 a portfolio's investment performance.

- *Custody Risk:* The Funds invest in securities markets that are less developed than those in the U.S., which may expose a portfolio to risks in the process of clearing and settling trades and the holding of securities by foreign banks, agents and depositories. The laws of certain countries may place limitations on the ability to recover assets if a foreign bank, agent or depository enters bankruptcy. In addition, low trading volumes and volatile prices in less developed markets may make trades more difficult to complete and settle, and governments or trade groups may compel local agents to hold securities with designated foreign banks, agents and depositories that may be subject to little or no regulatory oversight or independent evaluation. Local agents are held only to the standards of care of their local markets.

- *Cyber Security Risk:* With the increased use of technology such as the Internet to conduct business, HSI, as with all businesses and digital platforms that store, process, transmit or transact information via networked technology, is susceptible to a breach of confidentiality, loss of data integrity or disruption in availability of its networked systems.

Cyber vulnerability continues to be leveraged by criminals to perpetrate crimes at an increasing rate, often exceeding traditional offenses, and poses a significant threat to economic, social and geopolitical stability

for private firms and countries. HSI faces sophisticated cyber threats from state-sponsored attackers, hackers for hire, organized cyber syndicates, and other threat actors seeking our critical corporate and customer information.

Cyber incidents can result from deliberate internal or external attacks. Cyber-attacks can include, but are not limited to, gaining unauthorized access to computer systems (e.g., through “hacking” or malicious software (aka Malware) denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Unintentional cyber incidents can occur, such as the inadvertent release of confidential information that could result in the violation of applicable privacy laws.

A failure in or a breach of our operational or security systems or infrastructure, or those of our third party vendors and other service providers, including as a result of cyber-attacks, could disrupt our businesses, result in the disclosure or misuse of confidential or proprietary information, and may adversely impact our businesses.

Data quality and integrity are critical for decision making, enterprise risk management and operational processes, as well as for complying with applicable regulation. Our businesses depend on our ability to process a large number of complex transactions, most of which involve, in some fashion, networked computing devices. If any of our financial, accounting, data processing or other recordkeeping systems and management controls fail, or are subject to cyber-attack that could compromise integrity, availability or confidentiality of our systems or data, we could be materially adversely affected.

Cyber security failures or breaches at HSI or at service providers (including, but not limited to, sub-advisers, accountants, custodians, transfer agents and administrators), and the issuers of securities in which HSI invests on behalf of its clients, could result in the loss or theft of client data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or costs associated with system repairs.

Cyber security failures or breaches can result in financial losses, interfere with our ability to calculate a fund’s net asset value, impede our trading, and prevent clients and shareholders from transacting business. These failures or breaches can cause violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. In addition, we could incur substantial costs to prevent any cyber incidents in the future.

HSI relies on cybersecurity risk controls that are managed enterprise wide for HSBC Holdings plc in order to ensure that threats are identified and mitigated properly. While HSBC Holdings plc (a corporate parent company of HSI) has preventative, detective and mitigation technologies in place as well as mature business continuity and resiliency plans in the event of cyber-attacks, it is not possible to identify and create mitigation measures for every type of event that might result in a service disruption.

• *Debt Instruments Risk:* The risks of investing in debt instruments include:

- **High-Yield Securities (“Junk Bond”) Risk:** Investments in high-yield securities (commonly referred to as “junk bonds”) are often considered speculative investments and have significantly higher credit risk than investment-grade securities and tend to be less marketable (i.e., less liquid) than higher rated securities. The prices of high-yield securities, which may be more volatile and less liquid than higher rated securities of similar maturity, may be more vulnerable to adverse market, economic or political conditions.

- **Interest Rate Risk:** Fluctuations in interest rates may affect the yield and value of investments in income producing or debt instruments.
- **Credit Risk:** A portfolio could lose money if an issuer or guarantor of a debt instrument fails to make timely payments of interest or principal or enters bankruptcy. This risk is greater for lower-quality bonds than for bonds that are investment grade.
- **Inventory Risk:** The market-making capacity in some debt markets has declined as a result of reduced broker-dealer inventories relative to portfolio assets, reduced broker-dealer proprietary trading activity and increased regulatory capital requirements for financial institutions such as banks. Because market makers provide stability to a market through their intermediary services, a significant reduction in dealer market-making capacity has the potential to decrease liquidity and increase volatility in the debt markets.
- **Prepayment Risk:** During periods of falling interest rates, borrowers may pay off their debt sooner than expected, forcing an underlying portfolio to reinvest the principal proceeds at lower interest rates, resulting in less income.
- **Extension Risk:** The risk that during periods of rising interest rates, borrowers pay off their debt later than expected, preventing a portfolio from reinvesting principal proceeds at higher interest rates, increasing the sensitivity to changes in interest rates and resulting in less income than potentially available.

• ***Depository Receipts Risk:*** Investments in depository receipts, such as ADRs and GDRs, may entail the special risks of international investing, including currency exchange fluctuations, government regulations, and the potential for political and economic instability.

• ***Derivatives Risk:*** 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 a portfolio's asset value and cause losses. 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.

• ***Diversification Risk:*** Diversification is a risk management strategy that mixes a wide of investments within a portfolio. A diversified portfolio contains a mix of distinct asset types and investment vehicles in an attempt at limiting exposure to any single asset or risk. It does not guarantee a profit or protect against a loss in a declining market. It also cannot eliminate the risk of fluctuating prices and uncertain returns.

- *Emerging Markets Risk*: Investments in emerging market countries are subject to all of the risks of foreign investing generally, and have additional heightened risks due to a lack of established legal, political, business and social frameworks to support securities markets, including: greater market volatility and illiquidity, lower trading volume, delays in trading or settling portfolio securities transactions; currency and capital controls or other government restrictions or intervention, such as expropriation and nationalization; greater sensitivity to interest rate changes; pervasiveness of corruption and crime; currency exchange rate volatility; and higher levels of inflation, deflation or currency devaluation. The prices of securities in emerging markets can fluctuate more significantly than the prices of securities in more developed countries. The less developed the country, the greater effect such risks may have on an investment.

• *Environmental Social Governance (ESG) Investments*: HSBC Securities (USA) Inc. makes available Environmental Social Governance (ESG) funds with certain limitations by the program and model type. **Effective on or about November 20, 2023, HSBC Securities (USA) Inc. will offer the following in respect to ESG funds and investments:**

- **MPA (SMA) Programs/models:**
 - The MPA (SMA) program does not offer ESG Investment options in the MPA (SMA) Program.
- **MPA (UMA) Programs/models:**
 - The MPA (UMA) programs will no longer offer ESG Investment options in the MPA (UMA) Program for new investors. Existing clients holding ESG exposed positions and investments have the option to continue investing in them.
- **Spectrum Programs/models:**
 - The Spectrum program and models will no longer offer ESG Investment options in the Spectrum Program for new investors (please note that Spectrum II is considered a separate program). Existing clients holding ESG exposed positions and investments have the option to continue investing in them.
- **Spectrum II Programs/models:**
 - The Spectrum II program and models will continue to be open to new investors who desire ESG Investment options with the choice of the ESG related models.

Sustainable Investments is a broad term that refers to any form of financial services integrating Environmental, Social and Governance (ESG) criteria that aims to generate long-term financial returns while advancing sustainable solutions and outcomes. As a result of the ESG screening criteria utilized by these funds, the investment opportunities may be more limited than that of other funds, and as a result using an ESG investment approach may produce more modest gains than using another investment approach.

There is no guarantee that an investment approach that considers environmental, social and governance (ESG) factors will produce returns similar to those that do not consider these factors. Investment approaches that consider ESG factors may diverge from traditional market benchmarks. Also, some asset classes might not be available in the Spectrum II ESG Program.

There is currently no generally adopted industry criteria/standards for what qualifies as an ESG investment, how to measure performance of ESG investments, and the impact of ESG investments on performance. This can result in discrepancies in results and approach in the calculation of ESG data.

An ESG portfolio is not guaranteed to outperform (financially) similar investments that do not meet ESG criteria.

There is no guarantee that the ESG characteristics a manager or HSI uses will be aligned with those of the client's or that these characteristics will match the client's expectation of ESG investing. Also, each fund manager can have different ESG assessment criteria and exclusion criteria.

ESG investment is an evolving area, and an investment that is considered ESG today may not meet those standards at some point in the future. Therefore, the range of ESG investment strategies that any underlying fund in the Program employs may change in the future.

- *Equity Securities Risk*: The prices of equity securities fluctuate from time to time based on changes in a company's financial condition or overall market and economic conditions. As a result, the value of equity securities may fluctuate drastically from day to day. The risks of investing in equity securities also include:
 - *Style Risk*: The risk that use of a growth or value investing style may fall out of favor in the marketplace for various periods of time. Growth stock prices reflect projections of future earnings or revenues and may decline dramatically if the company fails to meet those projections. A value stock may not increase in price as anticipated if other investors fail to recognize the company's value.
 - *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 and market and financial or managerial resources. Stocks of these companies may also be more volatile, less liquid and subject to the potential for greater declines in stock prices in response to selling pressure. Stocks of smaller capitalization companies generally have more risk than medium capitalization companies.
 - *Issuer Risk*: An issuer's earnings prospects and overall financial position may deteriorate, causing a decline in a portfolio's asset value.
- *Exchange Traded Fund Risk*: An investment in ETFs involves risk, including the loss of principal. ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the Fund's underlying portfolio securities. Such shareholders are also liable for taxes on any Fund-level capital gains, as ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss. Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent net asset value ("NAV"), which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems

shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

- *Financial Services Risk:* Investments in the financial services group of industries may be particularly affected by economic cycles, interest rate changes, and business developments and regulatory changes applicable to the financial services group of industries. For example, declining economic and business conditions can disproportionately impact companies in the financial services group of industries due to increased defaults on payments by borrowers. Interest rate increases can also adversely affect financial services companies by increasing their cost of capital. In addition, financial services companies are heavily regulated and, as a result, political and regulatory changes can affect the operations and financial results of such companies, potentially imposing additional costs and possibly restricting the businesses in which such companies may engage.
- *Foreign Securities Risk:* Investments in foreign securities are generally considered riskier than investments in U.S. securities, and are subject to additional risks, including international trade, political, economic and regulatory risks; fluctuating currency exchange rates; less liquid, developed or efficient trading markets; the imposition of exchange controls, confiscations and other government restrictions; and different corporate disclosure and governance standards.
- *Frontier Market Countries Risk:* Frontier market countries generally have smaller economies and even less developed capital markets or legal, regulatory and political systems than traditional emerging markets. As a result, the risks of investing in emerging market countries are magnified in frontier market countries. Frontier market economies are less correlated to global economic fluctuations than developed economies and have low trading volumes and the potential for extreme price volatility and illiquidity. The government of a frontier market country may exercise substantial influence over many aspects of the private sector, including by restricting foreign investment, which could have a significant effect on economic conditions in the country and the prices and yields of securities in a Fund's portfolio. Economies in frontier market countries generally are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries with which they trade. Brokerage commissions, custodial services and other costs relating to investment in frontier market countries generally are more expensive than those relating to investment in more developed markets. The risk also exists that an emergency situation may arise in one or more frontier market countries as a result of which trading of securities may cease or may be substantially curtailed and prices for investments in such markets may not be readily available.
- *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.
- *Index Fund 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.

- *Initial Public Offering Risk:* Investments in securities purchased at an initial public offering ("IPO") or secondary public offering are often subject to a broader set of market impacts such as investor perception and market opinions of companies that were previously privately-held. As such, prices of securities purchased at an IPO or secondary public offering may be more volatile or fluctuate more rapidly than other types of securities. Additionally, to the extent an account is smaller in size, investments in securities purchased at an IPO or secondary public offering may have a more significant impact on the account's performance or value than the securities would on an account larger in size as those securities may represent a larger proportion of the overall securities held by a smaller account.
- *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 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 or be unable to meet redemption demand.
- *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.
- *Model Risk:* A model is defined as a quantitative method, system, or approach that applies statistical, economic, financial or mathematical theories, techniques, and assumptions to process input data into quantitative estimates. Quantitative methodologies or systems whose inputs are (partially or wholly) qualitative or based on expert judgment may be classified as a model providing that the outputs produced by the model are quantitative in nature. HSI, in conjunction with AMUS, use models to assist in the investment decision making process, to analyze the investment risks borne by a fund or client account, to measure the liquidity in a fund or client account, to conduct stress tests and for other reasons. Model risk is defined as the risk of funds or HSI and/or affiliates experiencing an actual or potential financial loss, or the breach of a regulation or client restriction, owing to the misspecification or misapplication of a model in relation to its intended use, or the improper implementation or incorrect execution of a model.
- *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 section). 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.
- *Participatory Note Risk:* Even though a participatory note is intended to reflect the performance of the underlying securities on a one-to-one basis so that investors will not normally gain or lose more in

absolute terms than they would have made or lost had they invested in the underlying securities directly, the performance results of participatory notes will not replicate exactly the performance of the issuers or markets that the notes seek to replicate due to transaction costs and other expenses. Investments in participatory notes involve risks normally associated with a direct investment in the underlying securities. In addition, participatory notes are subject to counterparty risk. Participatory notes constitute general unsecured, unsubordinated contractual obligations of the banks or broker-dealers that issue them, and an investment in these instruments is relying on the creditworthiness of such banks or broker-dealers and has no rights under the participatory notes against the issuers of the securities underlying such participatory notes. There can be no assurance that the trading price or value of participatory notes will equal the value of the underlying value of the securities they seek to replicate.

- *Political Risk:* The risk that an investment's return could suffer as a result of political changes or instability in a country. Instability affecting investment returns could stem from a change in government, legislative bodies, other foreign policy makers, or military control. Political risk is also known as "geopolitical risk", and becomes more of a factor as the time horizon of an investment gets longer.
- *Real Estate Risk:* Real estate related investments will expose a 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.
- *Redemption Risk:* A fund or client portfolio may experience a redemption(s) resulting in large outflows of cash from time to time. This activity could have adverse effects on performance if the advisor were required to sell securities at times when it otherwise would not do so. This activity could also accelerate the realization of capital gains/losses and increase transaction costs.
- *Regulatory Risk:* U.S. regulators and legislators have recently amended a wide range of rules and pending and ongoing regulatory reforms (e.g., the Dodd Frank Act) continue to have a material impact on the advisory business. These regulations and reforms may significantly change the operating environment and the ultimate effect cannot be adequately predicted. Any further changes by the SEC or additional legislative developments may affect a portfolio's operations, investment strategies, performance and yield.
- *Regulatory Risk in Other Countries:* Disclosure and regulatory standards in emerging market countries are in many respects less stringent than U.S. standards. Therefore, disclosure of certain material information may not be made, and less information may be available. Additionally, regulators in many countries continue to review the regulation of such portfolios. Any further changes by a regulatory authority or additional legislative developments may affect a portfolio's operations, investment strategies, performance and yield.
- *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.
- *Sovereign Debt Risk:* Sovereign debt instruments, which are instruments issued by foreign governmental entities, are subject to the risk that the governmental entity may be unable or unwilling to repay the principal or interest on its sovereign debt due to, among other reasons, cash flow problems, insufficient foreign currency reserves, political considerations, the relative size of the governmental entity's debt or its failure to implement economic reforms required by the International Monetary Fund or other multilateral agencies. A governmental entity that defaults may ask for additional loans or for more time to pay its debt. There is no legal process for collecting sovereign debts that a government does not pay nor are there bankruptcy proceedings through which all or part of the sovereign debt that a governmental entity has not repaid may be collected.
- *Stable NAV Risk:* The following applies to money market funds that maintain a stable price of \$1.00 per share. The fund may not be able to maintain a Net Asset Value ("NAV") per share of \$1.00 (a "Stable NAV") at all times. The failure of other money market funds to maintain a Stable NAV (or the perceived threat of such a failure) could adversely affect the fund's NAV. Shareholders of a money market fund should not rely on or expect HSI, the fund's adviser or an affiliate to help a fund maintain a Stable NAV. Pending money market fund reform changes may also impact Stable NAV policies of funds.
- *Stand-by Commitments Risk:* 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.
- *Underlying Fund Selection Risk:* The risk that a 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.
- *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.

Item 7: Client Information Provided to Investment Managers

HSI will share a client's Proposal with its SMA Manager(s) and the Overlay Manager in addition to AMUS.

Item 8: Client Contact with Investment Managers

Upon reasonable request, HSI will make available the appropriate service provider (AMUS or SMA Manager) personnel for consultation concerning the management of the client's account in the MPA Program.

Item 9: Additional Information**9A. DISCIPLINARY INFORMATION AND OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS****DISCIPLINARY INFORMATION**

In the past, we have entered into certain settlements with our regulators and other third parties and have been the subject of adverse legal and disciplinary events. Below are summaries of certain events that may be material to your decision of whether to retain us for as an investment adviser. You can find other information on our Form ADV Part 1, available at www.adviserinfo.sec.gov.

- On March 16, 2020, HSBC Securities (USA) Inc. (“HSI”) entered into a settlement with the U.S. Securities and Exchange Commission (“SEC”) concerning HSI’s disclosures to advisory clients and prospective clients from November 2015 through August 2017 regarding how it compensates its dually registered investment adviser and broker representatives (“IARs”). The SEC determined that HSI’s disclosures were false and misleading because they failed to disclose conflicts of interest about how IARs’ compensation was determined. The SEC’s Order recognizes that HSI disclosed to all brokerage customers in its Customer Agreement that conflicts of interest between customers and IARs may arise with respect to recurring income HSI receives. But in separate disclosures to advisory customers, HSI stated that IARs were compensated based solely on non-financial factors, and not on the fees paid to HSI. The SEC found that HSI did consider financial factors in setting IAR’s discretionary bonuses, including the amount of quarterly advisory fees Spectrum and Managed Portfolio Account (“MPA”) program clients paid to HSI, which gave IARs an incentive to generate those fees. The SEC further determined that HSI lacked sufficient policies and procedures reasonably designed to prevent violations pertaining to its representations about IARs’ compensation. On March 16, 2020, without admitting or denying the SEC’s findings, HSI agreed to a censure and to pay a fine of \$725,000. HSI amended its disclosures in March 2018 and was not required to engage in any remediation. Disclosures are under Item 9B “Client Referrals” and “Other Compensation”.
- On June 30, 2017 HSI agreed to a settlement with FINRA regarding allegations that it failed to maintain electronic brokerage records in non-erasable and non-rewritable format known as the “Write Once, Read Many” (WORM) format, that is intended to prevent the alteration or destruction of broker-dealer records stored electronically. HSI failed to retain in WORM format brokerage order memoranda records relating to approximately 12.36 million transactions in preferred exchange-traded funds, equities, and fixed income products. Other affected records included a limited number of HSI’s general ledger, certain internal audit records, risk management control records, unusual activity reports and certain policy manuals. The findings also stated that HSI failed to notify FINRA at least 90 days prior to retaining a vendor to provide electronic storage. HSI is also alleged to have failed to implement an audit system regarding the inputting of records in electronic storage media. HSI is alleged to have failed to obtain an attestation from their third-party vendor. Additionally, HSI failed to establish maintain and enforce written supervisory procedures reasonably designed to achieve compliance with applicable Securities Exchange Commission Rule for record retention requirements. HSI’s written

supervisory procedures failed to specify how the Firm should supervise its compliance with record retention requirements under the rule.

On June 30, 2017, without admitting or denying the findings, HSI agreed to a censure and fine, jointly and severally, of \$1,500,000. The Firm also consented to a written plan of how it will undertake a comprehensive review of the adequacy of its policies and procedures.

- In February 2016, HSBC Finance Corporation, HSBC Bank USA, HSBC Mortgage Services Inc. and HSBC North America Holdings entered into an agreement with the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, the Consumer Financial Protection Bureau, other federal agencies ("federal parties") and the state Attorneys General of 49 states and the District of Columbia ("state parties") to resolve civil claims related to past residential mortgage loan origination and servicing practices. The settlement is similar to prior national mortgage settlements reached with other U.S. mortgage servicers and includes the following terms: \$100 million to be allocated among participating federal and state parties, and \$370 million in consumer relief. In addition, the settlement agreement sets forth national mortgage servicing standards to which HSBC U.S. affiliates will adhere. All except \$32 million of the settlement is allocable to HSBC Finance Corporation. This matter was settled within the amount reserved.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Broker-Dealer Registration Status

HSI is a full service broker-dealer and investment adviser. We engage in a full range of primary and secondary securities activity in the U.S. and international markets, including acting as a primary dealer in corporate bonds, U.S. and international equities, and as a broker in futures and options. We are registered with the Securities and Exchange Commission, the Financial Industry Regulatory Authority, and various other regulatory bodies. HSI acts as an introducing broker for the MPA Program (and other clients and programs), using the clearing and execution facilities of our third party clearing agent, Pershing, for all securities transactions executed within a client's account, subject in all cases to best execution obligations and applicable law.

HSI is also registered as a futures commission merchant, and some of our management persons are associated persons of that entity.

Material Relationships or Arrangements with Related Persons

HSI has policies and procedures that are reasonably designed to mitigate conflicts of interests and comply with the regulatory requirements in selling securities including mutual funds.

HSI and/or our management persons have a material relationship with the following related person(s) as follows:

HSBC Global Asset Management (USA) Inc. ("AMUS") is wholly owned by HSBC USA, Inc. ("HSBC USA"), and is indirectly owned by HSBC Holdings plc ("HSBC Group"). HSBC Group is

a publicly owned corporation based in London, England 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 Asset Management ("AM"). HSBC Asset Management ("AM") is made up of a group of companies in countries and territories throughout the world that are engaged in investment advisory and portfolio management activities. AMUS has been in business since January 29, 1986.

AMUS provides investment advice to registered investment companies and other institutions. AMUS is a service provider to the MPA Program and other HSI advisory programs and earns fees based on assets invested in the programs. In addition, AMUS and its affiliates act as the investment adviser and/or administrator to the proprietary funds included as investments in the MPA Program.

Certain HSBC Funds also have subadvisers, not always affiliated with AMUS that receive fees for providing various services to the funds. Funds outside of the HSBC Fund family are also offered as options in the HSBC Programs and can be advised by investment managers affiliated or unaffiliated with HSI, who also receive a fee for their investment services.

AMUS receives compensation (such as mutual fund advisory fees, and other compensation), in addition to a portion of the fee for the MPA Program. Program fees for retirement accounts are reduced by the amount of the advisory fee for proprietary funds. To the extent HSI includes AMUS advised funds as the option into which a client's account could be invested, the receipt of such additional compensation could create a conflict of interest. HSI clients will pay these fees as well as their Program fee as permissible by law.

Additionally, clients can only elect to have their idle cash balances swept into money market funds currently all of which are managed by AMUS or its affiliates who provide investment advisory services, and for which AMUS receives advisory fees. Clients will pay these fees as well as their Program fee as permissible by law. AMUS' role is referenced in the investment advisory agreement for the MPA Program.

HSI compensates AMUS for services in the MPA Program. Fees paid by HSI to AMUS for services rendered are based on assets invested in the MPA Program.

As Overlay Manager, HSI at its discretion as specified in the client agreement has delegated certain activities to an affiliate in exchange for compensation. In addition, HSI can at its discretion engage an unaffiliated Overlay Manager upon thirty (30) days written notice to the Client. Any unaffiliated third party who acts as Overlay Manager (a "Third Party Overlay Manager") is entitled to receive the benefits to which HSI, as Overlay Manager, is entitled.

Conflicts of Interest

HSI and/or our management persons have a material relationship with the following related person(s) as follows:

The only money market fund(s) options available will be money market funds for which HSBC Global Asset Management (USA) Inc. or another affiliate receives compensation related to investment advisory and other services. To the extent that HSI has discretion to invest the cash in the Account (which can be

100% of the account for defensive or temporary purposes), the receipt of such additional compensation by HSI and its affiliates creates a conflict of interest for HSI. It should be also understood that the fee for the Service and any such additional compensation can be higher than the fees charged by other advisers for similar advisory services.

The principal business of our Firm is that of a full service broker-dealer. Clients who have MPA Program accounts can also be clients of the broker-dealer. Therefore, clients can have similar securities in their commission-based brokerage accounts as they would have in their MPA account.

HSI is also a registered broker-dealer and executes trades for clients in the MPA Program through Pershing. HSI recommends to its clients shares in mutual funds to which AMUS serves as investment adviser. HSI has policies and procedures that are reasonably designed to mitigate conflicts of interests and comply with the regulatory requirements in selling securities including mutual funds.

HSI provides investment advisory and brokerage advice outside of the MPA Program. As a registered broker-dealer with the Financial Industry Regulatory Authority ("FINRA"), HSI sells securities for a commission outside of the Program and is permitted to receive 12b-1 (distribution) and/or shareholder servicing fees from the sale of mutual funds. All sales charge information is disclosed in the mutual fund prospectus that is provided to the customer. HSI's practice, as a broker-dealer, of accepting such fees creates a conflict of interest.

Representatives are paid a salary with the opportunity to receive a discretionary variable pay which creates conflicts between you, HSBC Securities and your representative. Please see the "Other Compensation" section below for additional information.

While HSBC Group maintains global sustainability goals, and a portion of certain variable pay have considerations based on these goals, Investment Adviser Representatives are not provided with additional incentives to sell ESG Spectrum II.

HSI Representatives are also securities-licensed Registered Representatives of HSI, and in their capacity as Registered Representatives engage in the sale of securities-related products and services outside of the MPA Program. Clients are under no obligation to purchase or sell securities products and services through HSI or to participate in the MPA Program; however, if they choose to do so, clients should be aware that the Registered Representative will receive additional compensation as described later in this section, that creates a conflict of interest. Please see the "Other Compensation" section below for additional information.

In addition, Representatives at times will be located in Wealth Centers of HSBC Bank USA N.A. ("HBUS"), and clients of HBUS may be investment advisory clients. Clients are informed both verbally and in writing that securities products are not a deposit or other obligation of the bank or any of its affiliates; not FDIC insured or insured by any federal government agency of the United States; not guaranteed by the bank or any of its affiliates; and are subject to investment risk, including possible loss of principal invested.

HBUS is a national bank organized and existing under the laws of the United States and a member of the Federal Reserve. HBUS, with which we have entered into agreements, provides certain office space and certain administrative service such as payroll and benefits processing to HSI. Certain employees and

officers of HSI are officers of HBUS and report into the HSBC North America Holdings Company Committee.

Conflicts of interest will arise whenever HSI has an actual or perceived economic or other incentive in its management of our clients' accounts to act in a way that benefits HSI or an affiliate. Conflicts will result, for example, when HSI invests in an investment product, such as a separately managed account managed by a HSI affiliate. Certain strategies are managed by the HSBC Private Bank Discretionary Investment Management team which is a division of HSBC Bank USA, N.A. Through this agreement, HSI pays a portion of the MPA Program fees earned on this strategy to HSBC Bank USA, N.A for services provided. Fees paid by HSI to HBUS for services rendered are based on assets invested in the MPA Program. When HSI or an affiliate manages these investments, there is a benefit to HSI since it increases the overall revenue of HSI or an affiliate.

Depending on the strategy, HBUS or HSI can recommend an affiliated Program Manager. HSI has an incentive to recommend, and HSI has an incentive to include, a HBUS-managed strategy because an affiliate of HSI receives an increase in overall fees when these strategies are chosen by clients. With respect to a strategy managed by HSI or an affiliate, the internal review process may not include an applicable universe of third party managed strategies. HSI manages this conflict through disclosure to clients and by subjecting affiliated Portfolio Managers to a review process as described in Item 6.

Our Firm and most Representatives are also licensed insurance agents with HSBC Insurance Agency USA, Inc. and HSI. In California, HSI conducts insurance business as HSBC Securities Insurance Services. In this capacity, we can offer advisory clients of our Firm insurance products for which we receive compensation. HSI has policies and procedures that are reasonably designed to mitigate conflicts of interests and comply with the regulatory requirements in selling insurance products. See the "Other Compensation" section below for additional information.

HSI is a member of the New York Stock Exchange, Financial Industry Regulatory Authority, Securities Investor Protection Corp. HSI is a sub-distributor of the HSBC Funds. AMUS uses the services of HSBC Securities (USA) Inc. to facilitate the distribution of HSBC Funds. Affiliates of AMUS receive fees for providing various services to the funds.

HSI selects the Funds in which an account will be invested. HSI as the distributor will receive compensation from the Funds. This creates a conflict of interest for HSI, which HSI seeks to mitigate through disclosure in this Brochure.

Certain employees of AMUS and HBUS are registered representatives of HSI and may hold FINRA and state securities registration. HSI maintains supervision of such persons.

Securities-Backed Line of Credit

We do not use leverage as an investment strategy for managed accounts. However, where appropriate, an eligible client, as detailed in the Account Control Agreement and Risk Disclosure statement, may use a Securities-Backed Line of Credit ("SBLOC"), which is a bank line of credit collateralized by the assets of the managed account, as well as other collateral the client may hold at HBUS or HSI. SBLOC enables clients to take out a loan that is secured by that client's brokerage and/or advisory portfolio. The maximum amount of the loan depends on the lending value of the client's portfolio, as specified in the Credit Agreement entered into with by HBUS. Securities-Backed Lending creates additional risks for managed

account clients including being subject to a collateral call due to a drop in the account's value caused by downward market movement, market volatility, investment changes and credit exposure. All these can lead to collateral shortfalls and can cause HBUS, as the lender to ask the managed account client for additional collateral or to sell assets in the account to satisfy the collateral shortfall. HBUS will earn fees and interest on loans secured by managed account assets. A drop in a managed account's value could cause the account to fall below the minimum required to participate in the managed account program. The account could revert to an unmanaged brokerage account and fail to reach its investment goals. Any securities based lending fees and interest are separate and in addition to Program fees.

Neither HSI, its representatives nor its affiliates will act as an investment adviser to a client as to the sale of securities subject to a collateral shortfall or credit line loan demand. We will make these sales in our capacity as a broker-dealer. In addition, as creditors, we and our affiliates can have interests that are averse to you.

9B. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING; REVIEW OF ACCOUNTS; CLIENT REFERRALS AND OTHER COMPENSATION' AND OTHER FINANCIAL INFORMATION

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

HSI has adopted a Code of Ethics and Staff Dealing Policies and Procedures that governs employee personal securities transactions ("Code of Ethics"), designates access persons, protects material nonpublic information, and requires employees to comply with all relevant securities laws. The Code of Ethics reflects our belief in the absolute necessity to conduct business at the highest ethical and professional levels. HSI requires all personnel to report their personal securities accounts to the Compliance Department and requires pre-approval of personal trades in accordance with the Firm's policies and procedures. Firm personnel are required to submit an annual acknowledgement and certification attesting to their compliance and reporting requirements as well as compliance with all other aspects of our Code of Ethics. The Code of Ethics encourages internal reporting and protects employees who report violations from retaliation. Any violations of the Code of Ethics must be reported to the Chief Compliance Officer or other designated personnel. A copy of our Firm's Code of Ethics will be furnished upon request.

HSI and its employees at times will buy or sell securities for its or their own account, including the same securities that it recommends to clients, and at the same or different times as client trades in those securities, in accordance with the Code of Ethics.

Employees of HSI, or its advisory affiliates, at times will hold the same or similar securities in their personal accounts that clients may hold in their own portfolios, and from time to time will recommend such securities for purchase or sale in clients' portfolios in the normal course of business. HSI has established informational barriers and has adopted various policies and safeguards in order to address conflicts of interest that can arise from such activities.

REVIEW OF ACCOUNTS

The Custodian (or a designee) will 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 on activity provided by the Custodian.

HSI through its agreement with GMS will periodically monitor the investment strategies of the SMA Managers, Model Managers, mutual funds and ETFs.

HSI through its agreement with AMUS will monitor the asset allocation models on a periodic basis. The review will focus on several factors, including the following:

- i. whether the asset allocation models are being managed in accordance with their investment objectives and mandates; and
- ii. whether the performance of the investment strategies are managed according to stated investment objectives and performing in line with expectation.

HSI or a Representative will annually request an in-person or telephonic meeting with a client (or will otherwise meet the regulatory requirements for an annual meeting) in order to determine if the client's profile remains current and is consistent with the recommended asset allocation. An account review can also follow a change in client's investment profile, a change in the securities market or a change in other economic conditions.

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

CLIENT REFERRALS AND OTHER COMPENSATION

HSI does not pay referral fees to non-HSI employees for the referral of their clients to our Firm.

Representative's Compensation

Your Representative (Wealth Relationship Manager) is paid a salary with the opportunity to receive a discretionary variable pay, which creates conflicts between you, us and your Representative. We base discretionary variable pay (or individual variable pay decisions) on the Representative's personal performance measured against established key performance indicators and objectives.

When measuring your Representative's overall performance and ability to meet objectives, we consider factors like gathering assets and income for HSBC Securities so your Representative has incentives to recommend that you invest assets with us and purchase investments. This also includes deposits and lending products (such as checking, savings, CDs, credit cards and mortgages). Please refer to the Compensation from Other Affiliates for Services Offering Securities and Other Products section below for additional information on Bank related activities. We earn more income from some investment recommendations (such as variable annuities) than others (such as mutual funds), for example, which gives your Representative an incentive to recommend products that will pay us more.

When providing brokerage account recommendations, your representatives provide information about the income generated by recommendations of different products and services generally, and point to other materials, like prospectuses for example, that will describe the income we receive more specifically for

the products you purchase. Should you also have a brokerage account, please consider that information in connection with your Representative's compensation and conflicts. The differences in the amount of income and the frequency of the income generated to HSBC Securities has an impact on your Representative's opportunity to receive discretionary variable pay, and an impact on the amount of any potential award. This impact and the conflict exists because income is among the factors considered by us in judging your Representative's overall performance and ability to meet objectives.

Another of the financial factors impacting measurement of performance is the amount of assets gathered, including assets that are brought to us for the first time through your Representative's recommendations. This impact and the conflict exists because the amount of money brought into and maintained in accounts serviced by that Representative and the growth of the assets in accounts such as yours are also among the factors considered when judging your Representative's overall performance and ability to meet objectives.

Additional factors beyond asset gathering and income are also part of measuring your Representative's overall performance. We consider factors such as compliance with rules, policies, procedures, code of ethics, industry regulations and standards of conduct. We consider your Representative's activities in meeting with you and serving your financial needs. We will also assess the quality of your Representative's sales presentations to you, which assessment can involve contacting you and asking for your feedback.

The various factors of our variable pay decisions create conflicts, as your Representative has an interest in establishing a relationship with you, and for recommending our products and services.

Certain supervisors in the Wealth Centers, are also eligible for discretionary variable pay affected by your Representative's recommendations. To the extent that supervisors are reviewing transactions that generate income and assets for the accounts serviced by Representatives, they also have a conflict of interest. We mitigate that conflict through policies and procedures and by measuring the overall performance of those supervisors when considering whether and how much of a potential discretionary variable pay they may receive.

Internal Recognition Programs. Your Representative at times will be eligible to participate in HSBC internal recognition programs, consistent with industry practice and regulatory requirements, based upon overall personal performance. That personal performance is based on the factors noted above, including the gathering of assets and income to HSBC Securities, creating further incentives to recommend that you invest with us. We also consider factors, such as compliance with rules, their activities in meeting with customers and fulfilling customers' financial needs.

Title Designations. Along with years of experience, factors such as the income generated by your Representative's recommendations of products and services, as well as the assets that they gather and maintain for us are considerations when determining if a Representative will be rewarded with honorary titles distinct to their seniority and/or promotions to such distinct titles partially based on their ability to meet internal goals. The opportunity to obtain such an honor further incentivizes your Representative to generate income and gather assets for us through the recommendation of our products and services to you.

Other Benefits. Your Representative is eligible to receive other benefits based on the amount of their compensation. Employees, including your Representative, whose total compensation is over \$250,000 are eligible for an elective portion of variable pay may be required to be deferred in the form of Restricted Share Units or deferred cash under guidelines established by our parent corporation deferral plan which

allows them to defer the receipt of compensation. This does not represent additional compensation, and there is no benefit beyond the deferral of income taxes at the employee's election. This ability to defer income however further incentivizes your Representative to generate income and gather assets and otherwise impact the factors considered in determining his or her discretionary variable pay.

Compensation from Other Affiliates for Services Offering Securities and Other Products

Your Representative will also be authorized to act on behalf of HSBC Bank USA, N.A., in some cases directly providing deposit accounts and lending products or introducing you to colleagues for additional bank services. For Representatives serving Private Banking customers, these products offered through HSBC Bank may also include certain securities products and services that U.S. national banks may offer directly. In most cases, your Representative will also be authorized to offer additional insurance products through HSBC Insurance Agency (USA) Inc., including traditional life insurance products and certain property and casualty insurance (all for third party insurance carriers).

These products and services compete with certain products and services offered through HSBC Securities, and the purchase of these products and services can earn more income for our affiliates. Acting for multiple affiliates and being compensated by them presents conflicts because these factors are considered in your Representative's objectives and measures of overall performance, which in turn impacts his or her opportunity for variable compensation through discretionary variable pay.

Representative's Outside Business Activities. In addition to approved roles acting on behalf of our affiliates, your Representative is permitted, subject to our review and approval, to engage in certain other business activities, other than the provision of brokerage and advisory services through us. Your Representative could also engage in another business including a family owned business, or serving as an officer, director, partner or employee of or consultant to another business organization. These outside business activities can cause conflicts with the brokerage or advisory services your Representative provides to your brokerage account. Your Representative may receive more fees from the outside business than from us, and he or she could have an incentive for you to engage or transact through the outside business to earn additional compensation.

HSI reserves the right, at its discretion and without prior notice to change the methods by which it compensates its sales professionals.

Gifts, Gratuities, Entertainment and Non-Monetary Compensation: From time to time, HSBC or its employees will, as is generally consistent with customary industry practice and in accordance with HSBC's policies and procedures, receive nonmonetary compensation (other than cash or cash equivalents), such as promotional items (e.g., coffee mugs, calendars or gift baskets), meals, entertainment (e.g., tickets to sporting events) and access to certain industry related conferences, from individuals or institutions (including investment sponsors) with whom they transact business or with whom they may engage in business dealings on behalf of clients. In addition to the receipt of gifts by HSBC or its employees, HSBC or its employees may also engage in providing such gifts, meals and entertainment which may also generate a conflict of interest to the extent they create an incentive for the recipient or beneficiary to use, recommend, offer or include products or services of HSI. The giving and receipt of gifts and other benefits are subject to limitations under internal HSI policies and procedures.

Product Provider Payments and Conferences: From time to time, HSI (and its affiliates) will receive marketing and training support payments, conference subsidies, and other types of financial compensation and incentives from mutual fund companies and other product providers, broker-dealers and other vendors

to support the sale of their products and services to our clients, including our ERISA plan clients. Note that the level of vendor support or other payments is not dependent on or related to the level of assets invested in or with the products or services of the particular vendor, but the receipt of these payments presents HSI with a conflict of interest in recommending these parties' services and products to clients. HSI deals with that conflict through disclosure in this Brochure.

HSI generally provides securities execution and related brokerage services using the clearing and execution facilities of Pershing LLC as detailed above.

Each SMA Manager in the SMA Program has the discretion to select broker-dealers to execute trades for MPA and is responsible for executing MPA trades in a manner consistent with its obligation to obtain best execution, and clients are encouraged to review each SMA Manager's Firm Brochure regarding its brokerage practices.

FINANCIAL INFORMATION

HSI does not require nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we have not included a balance sheet for our most recent fiscal year. There are no financial commitments to likely impair our ability to meet contractual obligations to our clients, and we have not been the subject of a bankruptcy petition at any time during the past ten years.

ADDITIONAL INFORMATION

Assets under Management

As of December 31, 2023, the MPA Separately Managed Account Program has approximately \$191 million dollars in non-discretionary assets under although HSI has discretion over the program management.

The MPA UMA Account Program has approximately \$182 million dollars in non-discretionary assets under management.