

Firm Brochure

HSBC Global Asset Management (Hong Kong) Limited

HSBC Main Building,
1 Queen's Road Central,
Hong Kong
Telephone: (852) 2284-1111

Website: <http://www.assetmanagement.hsbc.com/hk>

March 31, 2024

This brochure provides information about the qualifications and business practices of HSBC Global Asset Management (Hong Kong) Limited. If you have any questions about the contents of this brochure, please contact us at 852 2284 1111. 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 Global Asset Management (Hong Kong) Limited also is available on the SEC's website at www.adviserinfo.sec.gov.

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

Item 2: Material Changes

The HSBC Global Asset Management (Hong Kong) Limited (“AMHK”) Form ADV Part 2A (commonly referred to as the “Brochure”) dated March 31, 2024 describes the material changes made to the Brochure since the last update dated December 4, 2023.

Item 4 – Advisory Business

- Alternatives has been added as one of the type of advisory services.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

- Information relating to Alternatives strategies have been added under section A “Methods of Analysis and Investment Strategies”.
- Information relating to ESG and Sustainability Investing Risk has been updated under section B “Material Risks Related to Our Investment Strategies and Particular Types of Securities”.

The brochure has also been updated for various non-material changes to provide clarification and additional information.

Item 3: Table of Contents

Item 2: Material Changes	2
Item 3: Table of Contents	3
Item 4: Advisory Business	4
Item 5: Fees and Compensation	5
Item 6: Performance-Based Fees and Side-By-Side Management	6
Item 7: Types of Clients.....	7
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	8
Item 9: Disciplinary Information	13
Item 10: Other Financial Industry Activities and Affiliations	14
Item 11: Code of Ethics, Participation or Interest in Client Transaction and Person Trading	15
Item 12: Brokerage Practices	17
Item 13: Review of Accounts	20
Item 14: Client Referrals and Other Compensation.....	21
Item 15: Custody	22
Item 16: Investment Discretion.....	23
Item 17: Voting Client Securities	24
Item 18: Financial Information	25

Item 4: Advisory Business

A. GENERAL DESCRIPTION OF THE ADVISORY FIRM

HSBC Global Asset Management (Hong Kong) Limited (“AMHK”) is wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited, 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. AMHK registered with the SEC as an investment adviser effective July 2, 1987. AMHK provides discretionary investment management and investment advisory service to US clients.

AMHK is an entity within HSBC Asset Management (“HSBC AM”), which 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.

B. TYPES OF ADVISORY SERVICES

AMHK provides discretionary investment management and investment advisory services to clients on one or more types of the following investments:

- Equities
- Fixed Income
- Unit Trusts and Mutual Funds
- ETFs
- REITs
- Deposits
- Alternatives

From time to time, AMHK may also provide non-discretionary investment advisory services to non-US clients.

C. INVESTMENT RESTRICTIONS

AMHK offers advisory services to meet institutional clients’ needs. Clients may provide us with their specific investment guidelines and we will use our best efforts to meet their needs.

D. WRAP FEE PROGRAMS

AMHK does not participate in wrap fee programs for our US clients.

E. REGULATORY ASSETS UNDER MANAGEMENT

Total client assets under our management as of 31 December 2023 are as follows:

- USD 87,566,000,881 on a discretionary basis

Item 5: Fees and Compensation

A. ADVISORY FEES AND COMPENSATION

AMHK typically charges an asset-based fee for our advisory services, meaning a fee based on the percentage of the value of assets under management. Fees for segregated and advisory mandates are negotiable and a minimum fee may apply subject to various factors including assets under management and type(s) of investments and client services required. All fee arrangements for segregated and advisory mandates are discussed and agreed with the client as part of the Investment Management Agreement.

B. BILLING METHOD AND FREQUENCY

For US clients, fees are calculated based on the account's average market value for the quarter. Generally, the market value for the period is based on an average of the account's assets on the last business day of each month in the quarter, as stated on the client's custodian statements. US clients are billed quarterly and pay the management fees in arrears.

C. OTHER FEES AND EXPENSES

US clients can also incur the following fees and charges in connection with the portfolio management and advisory services that we offer:

- Brokerage fees
- Custodian fees
- Foreign exchange spreads
- Stamp duty
- Levy
- Regarding ETF investments, underlying investment adviser, custodian and administrator fees

These other fees and expenses are paid by the client to others, including other service providers. For example, AMHK does not charge commissions nor spreads, which are charged by broker-dealers, on transactions undertaken for US clients' portfolios under management or advice. Clients are responsible for paying brokerage and other transaction costs and fees. Please refer to Item 12 of this Brochure for details.

Item 6: Performance-Based Fees and Side-By-Side Management

AMHK may offer clients a performance-based fee options. Under a performance-based fee arrangement, AMHK and our supervised persons may face conflicts of interest in managing these accounts at the same time as those with an asset-based fee. In order to ensure that any potential conflict in the treatment of clients' accounts is managed in an appropriate way, AMHK maintains strict procedures in relation to the manner in which dealing occurs on behalf of client accounts. We manage portfolios on a strategy basis, with all decisions implemented across strategies on a pro-rate basis. Policies and procedures are maintained to ensure all clients are treated fairly regardless of their fee arrangement.

Item 7: Types of Clients

AHMK offers investment advisory/sub-advisory services to varying types of clients that can include:

- Government and government agencies
- Pensions/retirement funds
- Corporations
- Insurance companies
- Financial institutions
- Investment funds or companies
- Charities
- Other investment advisers

AMHK will consider new segregated accounts with a minimum client revenue of USD 150,000 per annum.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

AMHK manages portfolios within client investment guidelines using discretion to meet client objectives. AMHK's investment team is supported by global portfolio management and research platforms which are affiliates located outside of Hong Kong and which provide in-depth analysis and shared communications. AMHK can use the following methods of analysis in formulating investment advice or managing assets:

- Quantitative analysis
- Fundamental research, bottom-up research
- Stock specific analysis
- Multi-faceted risk systems
- Issuer selection
- Credit review
- Fundamental credit analysis
- Bottom-up proprietary model valuations/earnings
- Top-down macro-economic indicators
- Economic indicators
- Macro Economy, valuation, technical factors, event risk

AMHK uses one or more of the following investment strategies in formulating investment advice or managing traditional assets (e.g. securities):

- Active Fundamental – Investing with conviction, seeking to produce strong and consistent performance over the long term
- Quantitative – Seeking to deliver robust performance in a risk-adjusted environment
- Liquidity – Offering a wide range of cash funds matching investment horizon, regulation and currency constraints
- Fixed Income – seeking relative value opportunities while avoiding defaults and downgrades through rigorous fundamental analysis

The prices of securities fluctuate, sometimes dramatically. The price of a security may move up or down, and may become valueless. Investing in securities involves risk of loss that a client should be prepared to bear.

AMHK starts to manage alternative capabilities, with the first one being a fund investing into Energy Transition Infrastructure (“ETI”). AMHK's responsibility is to make investment decision, provide investment advice and portfolio management support in respect of the fund's investments.

This is done generally by conducting market and company research on potential investment opportunities relevant to the fund's strategy, origination of investment opportunities, participating as a voting member on the fund's investment committee to help determine investment approval or rejection, and where appropriate, serving as a board member or board-observer on portfolio companies.

Furthermore, as early signatories to the Principles for Responsible Investment, HSBC AM has committed to integrating environmental, social and governance (ESG) considerations into its fundamental research to the extent consistent with applicable client investment objectives and guidelines. AMHK conducts both financial analysis and a assessment of ESG risks and opportunities, using its own research, as well as that of its global affiliates. AMHK believes that ESG risks and opportunities, like other types of risks and opportunities, can affect the performance of investment portfolios across companies, sectors, regions and asset classes through time. Therefore, AMHK's analysts and portfolio managers identify and manage ESG risks and opportunities and consider ESG issues within their research and investment processes where appropriate. AMHK and its global affiliates conduct this analysis using ESG data from third-parties and through proprietary ESG analysis and engagement activities, to help identify risks and opportunities when evaluating issuers. HSBC AM has developed a proprietary approach to produce issuer ratings and rankings using third-party data and its own research for ESG assessments and ESG portfolio evaluations.

B. MATERIAL RISKS RELATED TO OUR INVESTMENT STRATEGIES AND PARTICULAR TYPES OF SECURITIES

AMHK uses a variety of investment strategies depending on the requirements of the particular client and the investment guidelines associated with the client's account. All strategies are subject to risk, and an account or fund may not achieve its investment objective if AMHK's expectations regarding particular securities or markets are not met.

Set forth below are certain material risk factors that are associated with the investment strategies and types of investments relevant to AMHK's US clients. Clients are urged to ask questions regarding risk factors applicable to a particular strategy 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.

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, as the market price of such securities increases or decreases. Equity securities that are traded in the over-the-counter markets (rather than a security exchange) are generally less liquid and generally subject to less onerous corporate disclosure and governance standards. The risks of investing in equity securities also include:

- > **Capitalization Risk:** Investments in medium or 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, more difficult to value

accurately, 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 and large capitalization companies. Stocks of large capitalization companies may be volatile in the event of earnings disappointments or other financial developments.

- > **Issuer Risk:** The value of a security may fluctuate for a variety of reasons that relate to the issuer, including, but not limited to, earnings prospects and overall financial position, management performance and reduced demand for the issuer's products and services.
- > **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 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.

Market Risk: The value of investments may decline due to changing economic, political, social, regulatory or market conditions. Issuer, political, economic, regulatory, social or market 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, a portfolio's investments can fluctuate dramatically in response to these developments. Different parts of the market and different types of securities can react differently to these developments. Moreover, the conditions in one country or geographic region could adversely affect investments in a different country or geographic region due to increasingly interconnected global economies and financial markets. Even when markets perform well, there is no assurance that investments will increase in value along with the broader market or maintain their value. In addition, market risk includes the risk that geopolitical or other events will disrupt the economy on a regional, national or global level. Events such as war, acts of terrorism, regional conflicts, market manipulation, government defaults, government shutdowns, natural/environmental disasters, social unrest, the spread of infectious illness or other public health threats could also significantly impact investments, including in ways that cannot be foreseen. Investments could be negatively impacted if the values were harmed by such political or economic events. For example, the recent outbreak of an infectious respiratory illness caused by a novel strain of coronavirus (known as COVID-19) has caused volatility, severe market dislocations and liquidity constraints in markets around the world. The transmission of COVID-19 and efforts to contain its spread have resulted in severe macroeconomic disruptions, exchange closures, travel restrictions, closed international borders, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery, quarantines, event and service cancellations or interruptions, disruptions to business operations (including staff furloughs and reductions) and supply chains, and a reduction in consumer and business spending, as well as general concern and uncertainty that has negatively affected the economy. Such events, or other disruptions caused by social, political, or economic conditions or other events, could adversely impact issuers, markets and economies over the short- and long-term, including in ways that cannot be foreseen. Any market disruptions could also inhibit executing advantageous investment decisions in a timely manner. Portfolios that have focused their investments in a region or country enduring geopolitical or other types of market disruption will face higher risks of loss.

Currency Risk: Fluctuations in exchange rates between the US dollar and foreign currencies, or

between various foreign currencies, may negatively affect a portfolio's investment performance. Adverse changes in exchange rates may erode or reverse any gains produced by foreign-currency denominated investments and may widen any losses. Currency exchange rates can be volatile and can be affected by, among other factors, the actions or inactions by US or foreign governments, central banks or supranational entities, the imposition of currency controls, speculation, or general economic or political developments in the US or a foreign country. We may seek to reduce currency risk by hedging part or all of the exposure to various foreign currencies; however, even if such hedging techniques are employed, there is no assurance that they will be successful.

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. Investments in emerging markets are subject to a greater risk of loss than investments in a developed market. This is due to, among other things, 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 the imposition of economic sanctions, repatriation restrictions, tariffs and/or trade embargoes, or the expropriation and the nationalization of private assets, companies or industries; greater sensitivity to interest rate changes; pervasiveness of corruption and crime; currency exchange rate volatility; and higher levels of inflation, deflation or currency devaluation. In addition, the financial stability of issuers (including governments) in emerging market countries may be more precarious than in other countries, and rising interest rates, combined with widening credit spreads, could negatively impact the value of emerging market debt and increase the funding costs of such issuers. As a result, there will tend to be an increased risk of price volatility in a portfolio's investments in instruments with exposures to emerging market countries, which may be magnified by currency fluctuations relative to the US dollar. Settlement practices for transactions in foreign markets may differ from those in US markets. Such differences include settlement delays beyond periods customary in the United States and practices that could result in losses, such as delivery of securities prior to receipt of payment, which increase the likelihood of a "failed settlement."

Cyber Security Risk: With the increased use of technology such as the Internet to conduct business, AMHK is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber security failures or breaches by AMHK and other service providers (including, but not limited to, accountants, custodians, transfer agents and administrators), and the issuers of securities in which AMHK invests, have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with our ability to manage client assets, impediments to trading, the inability of clients to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. While AMHK

has established business continuity plans in the event of, and risk management systems to prevent, such cyber-attacks, there are inherent limitations in such plans and systems. Clients could be negatively impacted as a result.

ESG and Sustainability Investing Risk: Our firm-wide sustainability-related exclusionary policies may have certain impact to our investment universe compared to firms without those policies. The consideration of sustainability assessment, including but not limiting to ESG scores and ethical screening, provides additional insight and information in our traditional fundamental analysis. The inclusion of such consideration may also influence our investible universe compared to firms without sustainability considerations. The consideration of sustainability assessment does not provide performance guarantee in our investment.

Within AMHK, assessing the sustainability performance of issuer, guarantor or instruments, involves the use of third party quantitative data and assessment and internal qualitative research. Third party data provides basic information for assessment and disclosure but may subject to risk of data incompleteness, inaccuracy or unavailability. Our internal qualitative sustainability assessment may supplement the third party assessment but is subjective in nature and may not always be agreement with third party assessment. Where our internal assessment differs from third party assessment, we tend to prioritize our internal assessment as the main sustainability consideration. There can be no assurances that the process and criteria AMHK uses will reflect how any other particular investor views sustainability risks. AMHK does not make any representation or warranty as to the propriety, accuracy, reasonableness or completeness of its sustainability assessment. AMHK does make best efforts to record and document the investment decisions and/or assessment made over sustainability risks and assessment.

The sustainability risk is dynamic and assessment of such risks will change over time as the disclosure and stakeholders' (including investors) expectation change. This may also be influenced by externalities, such as government policies and sustainability regulations. This could cause a change in our sustainability assessment and subsequent investment decision over a particular issuer, guarantor or instrument. AMHK monitors changes in sustainability risks in our portfolios to ensure compliance with our client expectations, internal investment processes as well as regulatory expectations.

AMHK offers a wide range of sustainable investment strategies that have predefined sustainability objective and minimum sustainability criteria. These investment strategies have stricter rules and monitoring on sustainability risks and considerations compared to traditional investment strategies. Similar to traditional investment strategies, these sustainable investment strategies are subject to market fluctuations, economic conditions and geopolitical events and do not guarantee for financial performance.

Investors are strongly encouraged to review and consider (i) the relevant sustainability policies and written and verbal disclosures provided by AMHK prior to investment, and (ii) their portfolio holdings on a regular basis during the course of their investment to determine that their portfolio of securities will be and remains suitable for them in light of such investors' Sustainability opinions.

Item 9: Disciplinary Information

A. CRIMINAL OR CIVIL PROCEEDINGS

AMHK has no material civil or criminal actions to report.

B. ADMINISTRATIVE PROCEEDINGS BEFORE REGULATORY AUTHORITIES

On 7 April 2020, the Securities and Futures Commission of Hong Kong (“SFC”) reprimanded and fined AMHK and HSBC Investment Funds (Hong Kong) Limited (together, the “Managers”) HK\$3.5 million for breaches of regulatory requirements in relation to cash management practices for SFC authorized funds.

The Managers accept the decision of the SFC. The Managers have enhanced the relevant internal controls, procedures and practices for managing cash deposits and has made a voluntary payment of USD 433,257 in total to the affected funds. In addition, the Managers have engaged an independent third party reviewer to conduct a further review. The review has confirmed that the Managers have properly addressed the findings made in the earlier independent review and implemented the recommendations.

For more details, a copy of the Press Release and Statement of Disciplinary Action is available on the SFC website.

<https://www.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/enforcement-news/doc?refNo=20PR32>

C. SELF-REGULATORY ORGANIZATION (“SRO”) PROCEEDINGS

AMHK has no material SRO disciplinary proceedings to report.

Item 10: Other Financial Industry Activities and Affiliations

A. BROKER-DEALER REGISTRATION STATUS

AMHK (including its management persons) is not registered nor required to register with FINRA as a broker-dealer (or registered representative of a broker-dealer), and does not conduct broker-dealer activities. AMHK (including its management persons) does not have an application pending to register.

B. COMMODITIES REGISTRATIONS STATUS

AMHK (including its management persons) is not registered as a futures commission merchant, commodity pool operator, a commodity trading adviser, nor is an associated person of such entities. AMHK (including its management persons) does not have an application pending to register.

C. MATERIAL RELATIONSHIPS OR ARRANGEMENTS

AMHK is part of the HSBC Group and our affiliates carry out various types of financial and non-financial activities. AMHK may use banking, custodian, brokering and other financial and non-financial services offered by our affiliates. The use of affiliates creates a conflict of interest as it can result in higher fees paid than otherwise would be negotiated for the same services received from a third-party. To manage these conflicts, AMHK treats these affiliates as if they are independent third parties and deals with them at arm's length terms regarding investments made for our clients.

In addition, AMHK has arrangements with certain investment advisers who are Related Persons and under those arrangements, AMHK, depending on the particular arrangement, provides investment advisory services, administrative support, operational support, client servicing, or other services.

As a member of the HSBC Group, AMHK has implemented procedures and arrangements which recognize and manage actual or potential conflicts of interest. The organizational and administrative arrangements are designed with the objective to safeguard the interests of clients. In addition, AMHK also implemented proper measures (Information Barriers) to ensure that information of a price sensitive nature, or which could give rise to conflicts of interest or conflicts of duty owed to clients, which is known to or produced by individuals employed in one part of the HSBC Group, is not available directly or indirectly to individuals elsewhere in a connected company or to outside persons.

D. RECOMMEND OR SELECT OTHER INVESTMENT ADVISERS

AMHK does not recommend or select other non-affiliated investment advisers for its clients for which it receives compensation directly or indirectly from those advisers that creates a material conflict of interest.

Item 11: Code of Ethics, Participation or Interest in Client Transaction and Person Trading

A. CODE OF ETHICS AND PERSONAL TRADING

AMHK has adopted a Code of Ethics in accordance with SEC rule 204A-1 in areas including conflict of interests, protection of material non-public information, personal account dealing and reporting, outside business activities, gifts and entertainment, sanctions, violation, administration of the Code.

The Code of Ethics is based on the principle that officers, directors and employees of AMHK have a fiduciary duty to place the interests of clients first and to conduct all personal securities transaction in accordance with the requirements of the Code of Ethics, in compliance with federal securities laws, and in a manner that avoids actual or potential conflicts of interest and does not otherwise take inappropriate advantage of a client relationship or abuse a position of trust and responsibility in respect of a client. All AMHK employees are subject to pre-clearance requirements for all securities, except for those exempted from preclearance by the Global Personal Account Dealing Policy. Other requirements include minimum investment holding period and prohibited transactions (e.g., speculative trading activity).

All AMHK employees are required to complete an attestation stating that they have received, read, understood and complied with the requirements of the Code of Ethics upon joining and annually thereafter. Violations of the Code are included in periodic reports to various committees and relevant Boards. A copy of the Code of Ethics is available upon request.

B. SECURITIES IN WHICH AMHK OR RELATED PERSON HAS A MATERIAL FINANCIAL INTEREST

AMHK, our staff and related persons shall not cross trade with clients' portfolios. We do not cross trade one US client's portfolio asset with another client's asset.

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. It is AMHK's policy that it will not affect principal transactions for its US clients.

C. INVEST IN THE SAME SECURITIES AS RECOMMENDED TO CLIENTS

AMHK and its Related Persons may recommend securities to clients that AMHK and its Related Persons may also purchase or sell. In order to address potential conflict of interest arising from such activities, including employee front-running at the expense of client accounts, AMHK restricts its Access Person from executing personal transactions in securities or related securities for a period of time before and after a client or fund managed by AMHK transacts in those securities or related securities. The ability for AMHK's Access Person to trade for their personal accounts securities or related securities that are recommended to clients presents a conflict of interest for you because such persons could favor themselves, however, we believe our policies

(including the blackout periods) are reasonably designed to prevent AMHK's Access Person from putting their interests ahead of the clients.

Further, our staff must not deal in circumstances which present a conflict of interest with our clients.

D. PERSONAL TRADING AT ABOUT THE SAME TIME WITH CLIENTS TRANSACTIONS

AMHK, our staff and their immediate family members sharing the same household must not deal in the same securities until our clients' order has been fully executed or cancelled when such persons know that a client's order has been accepted, or that we have made a decision to deal on behalf of a discretionary managed client.

AMHK, our staff and their immediate family members sharing the same household may not buy or sell for their own accounts an investment on a day on which we have a pending 'buy' or 'sell' order in the same investment for clients until that order is fully executed or withdrawn. This presents the same types of conflicts discussed immediately above, and we manage such risks through our Code of Ethics, and the policies described herein.

Item 12: Brokerage Practices

A. BROKER-DEALER SELECTION FOR CLIENT TRANSACTIONS

AMHK is a fiduciary and has a duty to seek the best qualitative execution for each transaction under the circumstances, which can be based on more than price (i.e., the lowest cost) in selecting or recommending a broker-dealer. AMHK takes into account a range of factors in selecting or recommending a broker-dealer, including, but not limited to: price, cost of execution, speed and service, execution and payment probability, and size and nature of the order. AMHK will determine order execution based on experience, judgement and expertise, and the instructions from the portfolio manager. AMHK reviews the commission rates on a regular basis to ensure they remain competitive. In addition, commissions paid are also reviewed regularly to ensure they are considered reasonable for the brokerage and research services provided by the brokers-dealers.

For each trade, AMHK selects a broker from the “Approved Broker/Counterparty List”. AMHK maintains an approval process for brokers/counterparties that is aimed at obtaining the highest level of service. To be included on the “Approved Broker/Counterparty List”, brokers are selected based on several factors, including their execution capabilities. The “Approved Broker/Counterparty List” is reviewed regularly by senior management and an assessment of broker performance is jointly performed by the investment, dealing and business support teams.

1. Research and Other Soft Dollar Benefits

Investment Research and Other Soft Dollar Benefits

As a fiduciary, AMHK has a duty to seek best execution of orders for clients and does so in accordance with its best execution policy. AMHK uses a portion of the commissions generated when executing client transactions to acquire external research and brokerage services (“soft dollar benefits”) in a manner consistent with the “safe harbor” requirements of Section 28(e) of the Securities Exchange Act of 1934. AMHK utilizes such commissions to purchase eligible brokerage and research services where those services provide lawful and appropriate assistance to AMHK in fulfilling its investment management responsibilities. In directing trades, AMHK is faced with conflicts of interest, as soft dollar benefits generated by client trades may be used to pay for research or brokerage services that can benefit AMHK. The types of research services that are acquired, subject to applicable law, include: research reports analysing a company or stock, discussion with research analyst, oral reports on an issuer, corporate governance research, market data reports, company financial data, economic data, seminars and conferences. The research received is created or developed by the executing broker-dealer (proprietary) or by a third party.

To the extent permitted by applicable law and subject to our duty to seek best execution, from time to time, AMHK selects brokers who charge a higher commission than other brokers where it was

determined that the commission is reasonable in relation to the service, including investment information and research services, provided to AMHK. The receipt of soft dollar benefits means that AMHK saves time and resources, and allows AMHK to benefit from additional research or analysis, without any cost to it. At the same time, soft dollar benefits also benefit AMHK's ability to manage client assets, and are permissible in accordance with applicable law.

For accounts that are subject to the Markets in Financial Instruments Directive II ("MiFID II"), the costs associated with the purchase of external research will be directly paid by AMHK. For accounts that are not subject to MiFID II, subject to the duty to seek best execution and applicable laws, AMHK makes payments for permissible soft dollar benefits through commission sharing arrangements ("CSAs").

Commission Sharing Arrangements

Use of a CSA effectively "unbundles" commissions paid to brokers, and enables AMHK to effect transactions through brokers who agree to allocate a portion of eligible commissions into a pool that can be used to pay for research expenses. The payment can be made to independent research providers who are not a party to the transactions. AMHK may also allocate a portion of the CSA credits to the value that AMHK assigns to the executing broker-dealer's proprietary research where the broker-dealer does not assign a hard dollar value to the research it provides.

Importantly, clients that do not participate in a CSA will nonetheless pay the same commission rate as the accounts participating in the CSA program. However, the full portion of their commission, including the research portion, will be received by the executing broker-dealer. This means that all clients that are not subject to MiFID II, including clients that do not participate in a CSA, are paying a higher fee than they otherwise would for execution-only services. Clients subject to MiFID II pay for execution-only services.

The CSA program allows AMHK to use a portion of client brokerage commissions to obtain research or other products or services that can benefit AMHK's advisory services to all of its clients or that can benefit a particular client(s). When AMHK uses client brokerage commissions to obtain research or other products or services through a CSA, AMHK receives a benefit because it does not have to produce or pay for the research, products or services. As a result, AMHK has an incentive to select or recommend a broker-dealer that participates in the CSA based on its own interest in receiving the research or other products or services, rather than on the clients' interest in receiving the most favorable execution.

Research is used by AMHK to assist it in formulating investment recommendations as part of its investment process and fulfil its overall duty to its clients. In general, research paid out of the CSA pool may be used to benefit any of AMHK's clients. However, there may be instances where research generated through a CSA pool does not benefit all clients, and certain clients receive the benefits of research obtained with commissions generated by other clients. Research cannot be measured precisely and when AMHK aggregates client transactions, the brokerage commission attributable to one or more clients will be allocated to broker-dealers who provide research to AMHK. As such, the benefits of research are not generally allocated to client accounts proportionately to the CSA credits the accounts generate.

To avoid conflicts of interest, where possible, the selection of research providers is managed separately from the trading desks, and AMHK's traders have no responsibility for administering the research program including payments for research, products or services.

Currently, AMHK only has CSAs with brokers-dealers for trading in equities. For trading in fixed income securities, AMHK does not have CSAs as such securities are traded based on spreads rather than commissions.

2. Brokerage for Client Referrals

Not Applicable.

3. Directed Brokerage

AMHK accepts clients that direct brokerage. However, in directed brokerage, we might be unable to obtain most favourable execution of the client's transactions. Directing brokerage costs the client more money. For example, in a directed brokerage account, the client can pay higher brokerage commissions because AMHK might not be able to aggregate orders to reduce transaction costs, or the client could receive less favorable prices.

B. TRADE AGGREGATION

AMHK has reasonably designed its policies and procedures to achieve fair and equitable allocation of trade orders and investment opportunities among clients over time. Generally, AMHK will execute trade orders as soon as practicable, only aggregating orders when, in the view of the trader, it is in the best interest of all participating clients to do so. AMHK can aggregate orders when it believes that doing so will improve trade execution and is in the client's best interest. Other than the time of the trade order, factors that the trader can consider when deciding whether to include a particular account in an aggregated order include , account restrictions, cash balances, relevant policies, types of instruments, and order size. If there are no accounts subject to MiFID II participating in an aggregated trade, the aggregated trade will be allocated at the average price for the security with all transaction costs shared on a *pro rata* basis.

However, when an account subject to MiFID II participates in an aggregated trade alongside accounts not subject to MiFID II, then each participating client will be allocated the average price for the security and the same cost of execution (measured by rate). This means that not all clients will pay the same *pro rata* share of all costs (i.e., research payments) associated with an aggregated trade, because those accounts subject to MiFID II will pay less as AMHK pays for the external research provided to client accounts subject to MiFID II.

Item 13: Review of Accounts

A. FREQUENCY AND NATURE OF REVIEW OF CLIENT ACCOUNTS

The performance of clients' portfolios is reviewed and monitored on a regular basis. In addition, portfolio review meetings are conducted with clients on a regular basis, which may be once a year, or as stipulated within the Investment Management Agreement (IMA) . The performance and portfolio reviews may be conducted with Client Directors, Client Service or the Investment Team.

B. FACTORS TRIGGERING A REVIEW

In addition to periodic reviews, AMHK may perform reviews as it deems appropriate or otherwise required. Additional reviews of client portfolios may be triggered by client request, compliance monitoring, industry factors, market developments, statutory and regulatory changes and any issues that may have been identified with respect to a client account.

C. CONTENT AND FREQUENCY OF ACCOUNT REPORTS

AMHK will provide monthly statements of account to clients in writing by mail or other means mutually agreed upon with clients. The statements of account include portfolio holdings with market value, cash balance, receivables, and payables as of the statement date and transaction history since the last statement date.

Item 14: Client Referrals and Other Compensation

AMHK does not receive compensation from a third party in connection with the investment management or advisory services it offers to clients.

AMHK, as investment adviser, and /or its affiliates may assist in the marketing of HSBC Funds. Without limiting the foregoing, AMHK may engages third parties for client referrals. Compensation is paid to these third parties. These compensation generally consists of payment computed as a percentage of the average net assets attributable to the third party. Such compensation is paid entirely out of AMHK's own resources and does not result in any additional charges to the clients. AMHK does not currently engage third parties for referrals of US clients.

Item 15: Custody

AMHK does not directly or indirectly hold or maintain physical custody or possession of US client funds or securities, nor have any authority to obtain possession of them.

AMHK urges US clients who have appointed their own custodian to compare statements of account from us to the statements of account the client received from the custodian.

Item 16: Investment Discretion

AMHK accepts discretionary authority to manage clients' portfolio accounts upon signing of investment management agreements. We do not accept discretionary authority to manage securities/brokerage accounts on behalf of clients.

If AMHK receives discretionary authority from the client, such discretion is to be exercised in a manner consistent with the stated investment objectives and guidelines for the particular client account.

Item 17: Voting Client Securities

A. POLICIES AND PROCEDURES RELATING TO VOTING CLIENT SECURITIES

Clients who do not grant proxy voting authority to AMHK will generally receive proxies or other solicitations from their own custodian or administrator, and are outside of the scope of this Firm Brochure.

If AMHK has been appointed as discretionary investment manager for a client, the investment management agreement will identify if AMHK is granted the authority to vote the proxies on the securities held in the client's portfolio. AMHK conducts proxy voting activities on behalf of clients in accordance with the Global Voting Guidelines and procedures pursuant to Rule 206(4)-6 under the Advisers Act. To assist in managing the proxy voting process Institutional Shareholder Services (“ISS”) has been retained to act as an independent voting agent on behalf of AMHK. ISS provides objective proxy analysis and voting recommendations, manages the operational end of the process, and votes proxies based on our Guidelines and policy instructions. However, certain accounts may warrant specialized treatment in voting proxies. Contractual stipulations and individual client direction will dictate how voting will be done in these cases.

HSBC Global Asset Management has policies and procedures in place to identify and address conflicts of interest between HSBC AM and its clients. If a material conflict of interest exists, we will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interest of the client or take some other appropriate action. We shall cast ballots in a manner it believes to be consistent with the interests of its client and shall not subordinate client interests to its own.

Our clients may request a copy of our proxy voting policies and information about how their proxies were voted. Please send the request via mail addressed to: Chief Compliance Officer, HSBC Global Asset Management (Hong Kong) Limited, HSBC Main Building, Level 22, 1 Queen’s Road, Central, Hong Kong.

Item 18: Financial Information

AMHK does not require, solicit or receive prepayment of management fees.

AMHK has no financial condition that impairs its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition.

