



## **Invesco Hong Kong Limited**

### **Firm Brochure**

(Part 2A of Form ADV)

This brochure provides information about the qualifications and business practices of Invesco Hong Kong Limited. If you have any questions about the contents of this brochure, please contact us at: (852) 3128 6546 or by email at: [Ally.Kwan@invesco.com](mailto:Ally.Kwan@invesco.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Invesco Hong Kong Limited is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

30 March, 2024

## Material Changes

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### Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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### Material Changes since the last update:

1. **Methods of Analysis, Investment Strategies and Risk of Loss, Risk of Loss and Sub strategies/mandates** – This section have been amended to update the sub strategies and material risk disclosures .
  2. **Other Financial Industry Activities and Affiliations, list of affiliations** – The list of affiliated SEC registered Investment Advisers and other related persons have been updated.
  3. **Brokerage Practices** – This section have been amended to updated the description of best execution and order aggregation.
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### Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (852) 3128 6546 or by email at: [Ally.Kwan@invesco.com](mailto:Ally.Kwan@invesco.com).

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## Advisory Business

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### Firm Description

Invesco Hong Kong Limited (“IHKL”) was founded in 1972.

IHKL is an indirect, wholly owned subsidiary of Invesco Ltd., with regional presence covering investment capabilities in domestic and specialist Asian products, available to local investors as well as investors worldwide.

IHKL is an investment adviser, which offers funds encompassing equity, bond, balanced and money market vehicles, to retail investors. The funds are distributed through most of the major financial institutions, including retail and private banks, and insurance companies. The role of IHKL is to make investment decisions, execute trades and provide portfolio securities administration for the funds it manages.

Apart from the retail business, IHKL manages assets for institutions ranging from public funds and pension funds to institutional working capital, according to the mandates’ investment objectives and guidelines.

Invesco Taiwan Limited became a wholly-owned subsidiary of IHKL on May 31, 2012.

In September 2012, IHKL entered into an agreement to acquire a 49 percent interest in Religare Asset Management Company Private Limited (RAMC) in India. The acquisition was formally completed on April 2, 2013. RAMC has been renamed as Religare Invesco Asset Management Company Private Limited (“RIAMC”).

On November 18, 2015, Invesco Ltd. and Religare Enterprises Limited jointly announced that they have entered into a definitive agreement to increase IHKL’s shareholding in RIAMC to 100%. The aforementioned transaction has been approved by the Securities and Exchange Board of India on February 18, 2016.

On April 8, 2016, Invesco Ltd. announced that it has completed the acquisition of RIAMC, by increasing its shareholding from 49 percent to 100 percent. With customary Indian regulatory approvals, RIAMC was renamed as Invesco Asset Management (India) Private Limited with effect from May 3, 2016. The management team, investment management team and investment process of Invesco Asset Management (India) Private Limited will remain unchanged.

Invesco Investment Management (Shanghai) Limited was incorporated in Shanghai and became a wholly-owned subsidiary of IHKL on April 13, 2017. In November 2017, Invesco Investment Management (Shanghai) Limited registered as a private securities fund manager with the Asset Management Association of China (AMAC).

On September 28, 2022, Invesco Asset Management Asia Limited was granted the request to cancel its 'Type 1: Dealing in Securities' license with the Hong Kong Securities and Futures Commission as the Company was no longer conducting any regulated activities.

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#### Principal Owners

IHKL is wholly-owned by Invesco Asset Management Pacific Limited which is wholly-owned by Invesco Pacific Group Limited. Invesco Pacific Group Limited is wholly-owned by Invesco Holding Company Limited whose parent (100% owned) is Invesco Ltd, which is publicly traded on the New York Stock Exchange under the symbol IVZ.

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#### Types of Advisory Services

IHKL provides investment supervisory services, also known as asset management services; manages investment accounts and provide investment advice for the advisory accounts; issues periodic materials about the fund performance as well as market views.

As of 31 December 2023, IHKL manages approximately US\$ 25,979 million in assets for its discretionary and advisory accounts.

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#### Tailored Relationships

The goals and objectives for each client are documented in investment management agreements/ advisory agreements. Clients may impose restrictions on investing in certain securities or types of securities.

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## Types of Agreements

The following agreements define the typical client relationships.

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### Investment Management Agreement

Most clients choose to have IHKL manage their assets through an Investment Management Agreement. These include full discretionary, Asian Investment portfolio services to clients based in the United States of America or other regions. Portfolio management services commonly relate to country specific or regional portfolios.

These services will be furnished against the payment of a fee which is based on the value of asset under management and complexity of the mandate, and it is subject to negotiation.

The scope of work and fee for an Investment Management agreement is agreed with the client in writing prior to the start of the relationship.

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### Asset Management

This represents the management of mutual funds which are distributed outside the U.S., usually distributed through major financial institutions, including retail and private banks, insurance companies or financial consultants.

These services will be furnished against the payment of a fee which is based on the value of asset under management (management fees). As an indication, the retail fund products currently charge up to 2% management fees depending on different type of products. The initial charge is usually up to 5.25 % depending on the distributors. All the fees and charges are stated in the relevant prospectuses.

Investments mainly include equities (stocks), debt, cash and cash equivalents and financial derivative instruments.

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## Advisory Service Agreement

Some of the IHKL's clients would like to obtain IHKL's advice on IHKL's expertise of managing a portfolio of Asian securities and enter an advisory agreement with IHKL.

The scope of work and fee for an Advisory Service Agreement is agreed with the client in writing prior to the start of the relationship.

These services will be furnished against the payment of a fee which is based on the value of asset under management and complexity of the mandate, and it is subject to negotiation.

IHKL will also provide sub-advisory services to affiliated entities under the common ownership of Invesco Ltd.

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## Termination of Agreement

Investment advisory services generally may be terminated by either party upon prior written notice. Upon termination, any unearned fee will be refunded to the client in accordance with the terms of the agreement with the client.

## **Fees and Compensation**

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### **Description**

With regards to most of the IHKL's managed or advisory portfolios, IHKL receives payment of a fee which is based on the value of asset under management and complexity of the mandate which are subject to negotiation.

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### **Billing**

Investment management fees are billed in arrears, meaning that IHKL invoices the client after the billing period ended. Billing period would be subject to the agreement with the client. Payment in full is expected upon invoice presentation.

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### **Other Fees**

Custodians may charge transaction fees on purchases or sales of certain mutual funds. These transaction charges are usually small and incidental to the purchase or sale of a security. Brokerage fees would also be incurred during the execution of securities.

IHKL may buy or sell securities or investment products in which IHKL or IHKL's affiliates or the portfolios managed by IHKL or IHKL's affiliates may have some financial interest.

Concerning mutual funds, there may be other fees such as the initial fees or the redemption charges which are stated in the relevant prospectuses.



## **Performance-Based Fees**

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### Performance fees

As negotiated with certain clients, additional fees may be paid, based on portfolio out-performance relative to an agreed formula.

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### Conflicts of Interest

IHKL may acquire funds which are managed by IHKL's affiliates for the clients' portfolios. In these cases, pre-approvals from clients need to be obtained in writing and the limits on such investment, as well as the fees are needed to be agreed before any purchase can be made.

## **Types of Clients**

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### **Description**

IHKL generally provides investment advice/ managed assets for financial institutions, investment companies, pension, trusts or foundations, corporations or business entities, or other entities.

Client relationships vary in scope and length of service.

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### **Account Minimums**

In general, the minimum account size is \$ 20 million of assets under management for the separate accounts which have direct holdings on the investments. For discretionary fund-of-funds accounts, the minimum account size is \$ 5 million. IHKL has the discretion to waive the account minimum. Accounts of less than \$5 million may be set up when there is potential that the client will add additional funds to the accounts bringing the total to \$ 5 million within a reasonable time.

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

### Investment Strategies

IHKL employs several methods of analysis and investment strategies in managing assets, each of which is discharged by discrete investment centers. These are each described in the table below.

Investment center	Summary of Philosophy and process	Sub strategies/mandates
Invesco Hong Kong and China Equity Investment Team	<p>The team's philosophy/core belief is that the Chinese equity market is inefficient for multiple reasons, including but not limited to, misunderstanding of industries and companies, greed and fear, macro policy and headwinds, sentiment, liquidity, and predominant retail market participation. However, through disciplined in-depth research and analysis, we believe we can minimize the misunderstanding and derive a company's true value and potential and benefit from this.</p> <p><b><u>Growth</u></b> is the key driver of share price appreciation.</p> <p>We look to identify growth drivers as we believe alpha can be generated by identifying and investing in quality companies with good growth prospects.</p> <p><b><u>Cash Flow Generation Ability</u></b> is also of paramount importance. The cash flow generation of a company is a critical factor in determining the quality of the company, as it evident a company's soundness.</p> <p>We carefully decide the valuation we pay for the different growth categories (turnaround growth, high growth, under-appreciated growth, sustainable growth). For example, companies that deliver good cash flow may justify a higher valuation. On the other hand, cash flow</p>	<ul style="list-style-type: none"> <li>• China Equity investment strategy</li> <li>• Greater China investment strategy</li> </ul>

	generation may be lower for high-growth companies, given the need to invest. In this case, valuation needs to be supported by high growth.	
Invesco Asia Equity Investment Team	The team's goal is to take advantage of market inefficiencies through a disciplined bottom-up stock selection process. The investment team believes that there are pockets of inefficiencies in the Asian equity markets, resulting in frequent mispricing of stocks due to over/under-reaction to new information. The team seeks to systematically take advantage of market inefficiencies through identifying changes in fundamentals by strictly adhering to a disciplined ESG integrated investment process focusing on earnings and valuation of each company. The team's investment style is described as seeking 'sustainable value investment'. The team adopts a selective approach to invest in companies with sustainable leadership and competitive advantages at a discount to their fair value, while taking into account of ESG risks. The team also believes that local knowledge is important. By having an experienced team conducting proprietary on the ground research and capturing the best ideas, the team gains an information advantage and an opportunity to achieve favourable returns.	<ul style="list-style-type: none"> <li>• Asia ex-Japan equities investment strategy</li> <li>• India equity investment strategy</li> <li>• Asia Asset Allocation investment strategy</li> <li>• ASEAN Equity investment strategy</li> <li>• China Equity investment strategy</li> </ul>
China-A Investments	For China A-share Quant Equity, it aims to achieve long term capital growth and seeks to achieve its objective by investing primarily in A-shares of China companies listed on the Shanghai or Shenzhen Stock Exchanges, via Stock Connect. Diversification of risk across sectors, industries and companies will be of primary importance. The stock selection	<ul style="list-style-type: none"> <li>• China A-share Quant Equity</li> <li>• China A-share Quality Core Equity</li> </ul>

	<p>follows a highly structured and clearly defined investment process. Quantitative indicators that are available for each stock in the investment universe are analyzed and used by the Investment Manager to evaluate the relative attractiveness of each stock. The portfolio is constructed using an optimization process that takes into account the calculated expected returns of each stock as well as risk control parameters.</p> <p>The objective of China A-share Quality Core Equity is to achieve long term capital growth by investing in A shares of Chinese companies listed on the Shanghai or Shenzhen Stock Exchanges, via Stock Connect. It also invests in companies which are attractively valued and demonstrate sustainable growth, along with a strong business model and sound balance sheet.</p> <p>The objective of China Health Care Equity is to achieve long term capital growth by investing in Chinese healthcare companies listed on the Shanghai or Shenzhen Stock Exchanges, traded via Stock Connect as well as those listed or traded elsewhere. It also invests in companies which are attractively valued and demonstrate sustainable growth, along with a strong business model and sound balance sheet. For the purposes of China Health Care Equity, healthcare companies include (but are not limited to) companies in the sectors of pharmaceuticals, biotechnology, healthcare services and medical technology and supplies.</p>	<ul style="list-style-type: none"> <li>• China Health Care Equity</li> </ul>
Asian Fixed Income	Our IFI team's investment philosophy is built on a belief that increasingly dynamic and complex fixed income markets create opportunities for investors, that are best	<ul style="list-style-type: none"> <li>• Asian Flexible bond</li> </ul>

	<p>captured by specialist decision makers, interconnected as a global team. Timely investment decisions are captured through a rigorous and effective portfolio management process, designed to maximize each opportunity. The investment process integrates both top-down and bottom-up approach. While a top-down approach is used for interest rate strategies, currency, country and industry allocations, a bottom-up approach is used for selecting bond issuers and securities.</p>	<ul style="list-style-type: none"> <li>• Asian Investment Grade</li> <li>• Asian High Yield</li> <li>• Renminbi bond</li> <li>• Belt and Road bond</li> <li>• Fixed maturity</li> <li>• Sustainable China bond</li> </ul>
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## Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Active Trading Risk.** Active trading of portfolio securities may result in added expenses, a lower return and increased tax liability.
- **Allocation Risk.** The investment performance depends, in part, on how its assets are allocated among the underlying strategies or asset classes. IHKL's evaluations and assumptions regarding asset allocation do not assure profit or diversification and may cause the strategy to be invested (or not invested) in one or more asset classes or underlying strategies at an inopportune time, which could negatively affect the strategy's performance.
- **Asia Pacific Region Risk (ex-Japan).** The level of development of the economies of countries in the Asia Pacific region varies greatly. Furthermore, the economies of countries in this region are largely intertwined, meaning that an economic recession experienced by one country in this region may adversely impact the economic performance of other countries in the region. Certain economies in the region may also be adversely affected by increased competition, high inflation rates and interest rates, rising unemployment, undeveloped financial services sectors, currency fluctuations or restrictions, political and social instability and increased economic volatility.
- **Asia Pacific Region Risk (including Japan).** In addition to the risks listed in the above section, Asia Pacific Region Risk (ex-Japan), the strategy's Japanese investments may be adversely affected by protectionist trade policies, slow

economic activity worldwide, dependence on exports and international trade, increasing competition from Asia's other low-cost emerging economies, political and social instability, regional and global conflicts and natural disasters, as well as by commodity markets fluctuations related to Japan's limited natural resource supply.

- **Banking and Financial Services Industry Focus Risk.** From time to time, an investment strategy may invest more than 25% of its assets in unsecured bank instruments, including but not limited to certificates of deposit and time deposits, or securities that may have guarantees or credit and liquidity enhancements provided by banks, insurance companies or other financial institutions. To the extent the strategy focuses its investments in these instruments or securities, the strategy's performance will depend on the overall condition of those industries and the individual banks and financial institutions in which the strategy invests (directly or indirectly), the supply of short-term financing, changes in government regulation, changes in interest rates, and economic downturns in the United States and abroad.
- **Borrowing Risk.** Borrowing money to buy securities exposes the strategy to leverage and will exaggerate the effect of any increase or decrease in the value of the strategy's portfolio securities. It may also require the strategy to liquidate positions when it may not be advantageous to do so to satisfy borrowing obligations. In addition, the strategy will incur interest expenses and other fees on borrowed money. There can be no assurance that the strategy's borrowing strategy will enhance and not reduce the strategy's returns.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Cash/Cash Equivalents Risk:** Holding cash or cash equivalents may negatively affect performance. To the extent the client account holds cash or cash equivalents rather than securities in which it primarily invests or uses to manage risk, the client account may not achieve its investment objectives and may underperform.
- **Changing Fixed Income Market Conditions Risk.** Increases in the federal strategy and equivalent foreign rates may expose fixed income markets to heightened volatility and reduced liquidity for certain fixed income investments, particularly those with longer maturities. In addition, decreases in fixed income dealer market-making capacity may also potentially lead to heightened volatility and reduced liquidity in the fixed income markets. As a result, the value of the strategy's investments and share price may decline. Changes in central bank policies could also result in higher than normal shareholder redemptions, which could potentially increase portfolio turnover, which may result in increased

brokerage costs and other transaction costs and taxes, and which may lower the strategy's actual return.

- **Consumer Discretionary Sector Risk.** The strategy may concentrate its investments in securities of issuers in the consumer discretionary sector. Companies engaged in the consumer discretionary sector are affected by fluctuations in supply and demand, changes in consumer preferences and spending, political and economic conditions, commodity price volatility, changes in exchange rates, imposition of import controls, increased competition, depletion of resources and labor relations.
- **Contingent convertible securities ("CoCos")** have no stated maturity, fully discretionary coupons and are typically issued in the form of subordinated debt instruments. CoCos generally either convert into equity or have their principal written down upon the occurrence of certain triggering events linked to regulatory capital thresholds or regulatory actions relating to the issuer's continued viability. As a result, an investment in CoCos is subject to the risk that coupon (i.e., interest) payments may be cancelled by the issuer or a regulatory authority in order to help the issuer absorb losses. An investment in CoCos is also subject to the risk that, in the event of the liquidation, dissolution or winding-up of an issuer prior to a trigger event, the investor's rights and claims will generally rank junior to the claims of holders of the issuer's other debt obligations. In addition, if CoCos held are converted into the issuer's underlying equity securities following a trigger event, the holding may be further subordinated due to the conversion from a debt to equity instrument. Further, the value of an investment in CoCos is unpredictable and will be influenced by many factors and risks, including interest rate risk, credit risk, market risk, liquidity risk and valuation risk.  
**Convertible Securities Risk:** The client account may own convertible securities. The values of convertible securities in which the client account may invest may be affected by market interest rates. The values of convertible securities also may be affected by the risk of actual issuer default on interest or principal payments and the value of the underlying stock. Additionally, an issuer may retain the right to buy back its convertible securities at a time and price unfavorable to the client account.
- **Correlation Risk.** Certain investment strategies seek to balance risk across certain asset classes and, within each asset class, across different countries and investments. However, from time to time, the asset class, selected country or investment may become correlated in a way not anticipated by IHKL, causing risks and loss unbalanced and even magnified.
- **Country Concentration Risk.** The strategy may be primarily invested in a single country or small number of countries. A geographically concentrated investment strategy may be subject to a greater degree of volatility and of risk than one that is geographically diversified. The investment strategy will become more susceptible to fluctuations in value resulting from economic or business conditions in the country where the strategy is invested. As a consequence, the



aggregate return of the strategy may be adversely affected by the unfavourable developments in such country.

- **Credit Risk/Defaulted Securities Risk.** The credit quality of a security or instrument may deteriorate and impair the liquidity of the security or instrument and decrease its value. Additionally, some investments may have less credit risk than others. For example, debt of issuers with poor credit offer higher yields and more credit risk than debt of issuers with more secure credit and higher ratings.

Defaulted securities pose a greater risk that principal will not be repaid than non-defaulted securities. Defaulted securities and any securities received in an exchange for such securities may be subject to restrictions on resale

- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk. If a client account buys a security denominated in a foreign currency, during the time that the client account owns that security, for the purposes of calculating the NAV of that client account, the value of the security is converted into U.S. dollars on a daily basis. Fluctuations in the value of the U.S. dollar relative to the foreign currency impact the NAV of the client account. If the value of the U.S. dollar has increased relative to the foreign currency, the return on the foreign security may be reduced, eliminated or made negative. The opposite can also occur; that is, a client account holding a security denominated in a foreign currency may benefit from an increase in the value of the foreign currency relative to the U.S. dollar. Some portfolio managers choose or are required to mitigate this risk by using derivatives to hedge the impact of foreign currency fluctuations. However, these derivative transactions may not be fully effective. Some foreign governments may restrict currency exchange. If we cannot exchange the currencies in which a client account is invested, the client account will be less liquid.
- **Cyber Security Risk.** IHKL and its service providers may be prone to operational and information security risks resulting from cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cyber security breaches. Cyber-attacks affecting IHKL, or its service providers may adversely impact client accounts. For instance, cyber-attacks may interfere with the processing of investor transactions, impact the ability to calculate, the value of securities and/or the account cause the release of private shareholder information or confidential business information, impede trading, subject IHKL and/or an advisory account to regulatory fines or financial losses and/or cause reputational damage. Similar types of cyber security risks are also present for issuers of securities in which a client account may invest, which could result in material adverse consequences for such issuers and may cause an account's investment in such companies to lose value. While IHKL has risk management systems to prevent such cyber-attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been

identified. Furthermore, IHKL cannot control the cyber security plans and systems put in place by service providers to client accounts and issuers in which the account invests

- **Depository Receipts Risk:** Depository receipts involve many of the same risks as those associated with direct investment in foreign securities. In addition, the underlying issuers of certain depository receipts, particularly unsponsored or unregistered depository receipts, are under no obligation to distribute shareholder communications to the holders of such receipts or to pass through to them any voting rights with respect to the deposited securities.
- **Derivatives Risk:** The value of a derivative instrument depends largely on (and is derived from) the value of an underlying security, currency, commodity, interest rate, index or other asset (each referred to as an underlying asset). In addition to risks relating to the underlying assets, the use of derivatives may include other, possibly greater, risks, including counterparty, leverage and liquidity risks. Counterparty risk is the risk that the counterparty to the derivative contract will default on its obligation to pay the client account the amount owed or otherwise perform under the derivative contract. Derivatives create leverage risk because they do not require payment up front equal to the economic exposure created by owning the derivative. As a result, an adverse change in the value of the underlying asset could result in the client account sustaining a loss that is substantially greater than the amount invested in the derivative, which may make the client account's returns more volatile and increase the risk of loss. Derivative instruments may also be less liquid than more traditional investments and the client account may be unable to sell or close out its derivative positions at a desirable time or price. This risk may be more acute under adverse market conditions, during which the Client account may be most in need of liquidating its derivative positions. Derivatives may also be harder to value, less tax efficient and subject to changing government regulation that could impact the Client account's ability to use certain derivatives or their cost. Also, derivatives used for hedging or to gain or limit exposure to a particular market segment may not provide the expected benefits, particularly during adverse market conditions.
- **Distressed Debt Risk.** – IHKL invests in securities and other obligations and assets of companies in special situations involving financial or business distress, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Such investments involve a substantial degree of risk. There is no assurance that IHKL will correctly evaluate the value of the assets collateralizing an investment or the prospects for a successful reorganization or similar action in respect of any company. In any reorganization or liquidation proceeding, IHKL may lose its entire investment, be required to accept cash or securities or assets with a value less than their original investment and/or be required to accept payment over an extended period of time.

- **Dividend Paying Security Risk.** Securities that pay high dividends as a group can fall out of favor with the market, causing such companies to underperform companies that do not pay high dividends. With respect to Commingled Funds that invest in other funds or track an index, changes in the dividend policies of the companies in an underlying fund's index and the capital resources available for such companies' dividend payments may affect an underlying fund.
- **Emerging Markets Securities Risk.** Emerging markets (also referred to as developing markets) are generally subject to greater market volatility, political, social and economic instability, uncertain trading markets and more governmental limitations on foreign investment than more developed markets. In addition, companies operating in emerging markets may be subject to lower trading volume and greater price fluctuations than companies in more developed markets. Securities law and the enforcement of systems of taxation in many emerging market countries may change quickly and unpredictably. In addition, investments in emerging markets securities may also be subject to additional transaction costs, delays in settlement procedures, and lack of timely information.
- **Energy Sector Risk.** Changes in worldwide energy prices, exploration and production spending, government regulation, world events, economic conditions, exchange rates, transportation and storage costs and labor relations can affect companies in the energy sector. In addition, these companies are at an increased risk of civil liability and environmental damage claims, and may be subject to the risk of loss from terrorism and natural disasters.
- **Environmental, Social and Governance (ESG) Considerations Risk.** ESG considerations that may be assessed as part of the research and investment process may vary across types of eligible investments and issuers, and not every ESG factor may be identified or evaluated for every investment. Strategies that use ESG factors to exclude certain investments for non-financial reasons may forego some market opportunities available to other strategies that do not use these criteria. There is no guarantee that the IHKL will successfully implement and make investments in issuers that creates positive ESG impact while enhancing long-term shareholder value and achieving financial returns. Strategies will not be solely based on ESG considerations, and therefore the issuers in which a strategy invests may not be considered ESG-focused companies. The incorporation of ESG factors may affect exposure to certain companies or industries and may not work as intended. A strategy may underperform other strategies that do not assess an issuer's ESG factors or that use a different methodology to identify and/or incorporate ESG factors. Information used to evaluate such factors may not be readily available, complete or accurate, and may vary across providers and issuers as ESG is not a uniformly defined characteristic. ESG-related practices differ by region, industry and issue and are evolving accordingly, and an issuer's ESG-related practices or the IHKL's assessment of such practices may change over time.

There is no guarantee that the evaluation of ESG considerations will be additive to performance.

- **Equity risk:** Companies issue equities, or stocks, to help finance their operations and future growth. A company's operating results, financial strength, competitive position and prospects for future growth will have the most influence on its stock price over the long term. In addition, the economic environment in which the company operates will also impact stock prices. When the economy is expanding, the outlook for many companies will be positive and the value of their stocks should rise. The opposite is also true. In the short term, investor sentiment can have a significant impact on stock prices as investors necessarily evaluate the uncertainty of a company's future value. The value of a client account is affected by changes in the prices of the stocks it holds. The risks and potential rewards are usually greater for small companies, newly public companies and companies in emerging markets. Investments that are convertible into equity may also be subject to interest rate risk.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good and bad times. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Financial Services Sector Risk.** The strategy may be susceptible to adverse economic or regulatory occurrences affecting the financial services sector. Financial services companies are subject to extensive government regulation and are disproportionately affected by unstable interest rates, each of which could adversely affect the profitability of such companies. Financial services companies may also have concentrated portfolios, which make them especially vulnerable to unstable economic conditions, including depository related risk.
- **Floating Rate Obligations/Inverse Floating Rate Obligations Risk.** The price of inverse floating rate obligations (inverse floaters) is expected to decline when interest rates rise, and generally will decline further than the price of a bond with a similar maturity. The price of inverse floaters is typically more volatile than the price of bonds with similar maturities. These risks can be particularly high if leverage is used in the formula that determines the interest payable by the inverse floater, which may make the strategy's returns more volatile and increase the risk of loss. Additionally, these securities may lose some or all of their principal and, in some cases, the strategy could lose money in excess of its investment.
- **Foreign Government Debt Risk.** Investments in foreign government debt securities (sometimes referred to as sovereign debt securities) involve certain risks in addition to those relating to foreign securities or debt securities generally. The issuer of the debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due in accordance with the terms of such debt, and the strategy

may have limited recourse in the event of a default against the defaulting government. Without the approval of debt holders, some governmental debtors have in the past been able to reschedule or restructure their debt payments or declare moratoria on payments.

- **Foreign Securities Risk:** The dollar value of a client account's foreign investments may be affected by changes in the exchange rates between the dollar and the currencies in which those investments are traded. The value of the client account's foreign investments may be adversely affected by political and social instability in their home countries, by changes in economic or taxation policies in those countries, or by the difficulty in enforcing obligations in those countries. Foreign companies generally may be subject to less stringent regulations than U.S. companies, including financial reporting requirements and auditing and accounting controls. As a result, there generally is less publicly available information about foreign companies than about U.S. companies. Trading in many foreign securities may be less liquid and more volatile than U.S. securities due to the size of the market or other factors.
- **Fund of Funds Risk.** The strategy is also subject to risks associated with investments in the underlying funds. For example, the strategy will indirectly pay a proportional share of the fees and expenses of the underlying funds in which it invests. In addition, the strategy will vary from its target weightings (if any) in the underlying fund, the underlying funds will not achieve their investment objectives, the underlying funds will underperform in comparison to their represented asset classes, and the strategy may withdraw its investments in an underlying strategy at a disadvantageous time.
- **Geographic Focus Risk:** The client account may from time to time invest a substantial amount of its assets in securities of issuers located in a single country or a limited number of countries. Adverse economic, political or social conditions in those countries may therefore have a significant negative impact on the client account's investment performance.
- **Geopolitical Risk:** The strategy is subject to the risk that geopolitical events and instability will disrupt securities markets and adversely affect global economies and markets. Due to the increasing interdependence among global economies and markets, conditions in one country, market, or region might adversely impact markets, issuers and/or foreign exchange rates in other countries, including the U.S. War, terrorism, global health crises and pandemics, and other geopolitical events have led, and in the future may lead, to increased market volatility and may have adverse short- or long-term effects on U.S. and world economies and markets generally.
- **Growth Investing Risk:** Growth stocks tend to be more expensive relative to the issuing company's earnings or assets compared with other types of stock. As a result, they tend to be more sensitive to changes in, or investors' expectations of, the issuing company's earnings and can be more volatile.
- **Health Care Sector Risk.** The health care sector is subject to significant government regulations, such as government health care programs, increases

or decreases in the cost of medical products and services, and competitive forces that could negatively impact a health care company's profitability. The health care sector may also be affected by government health care programs.

- **High Yield Debt Securities (Junk Bond) Risk.** Investments in high yield debt securities ("junk bonds") and other lower-rated securities may subject the strategy to substantial risk of loss. These securities are considered to be speculative with respect to the issuer's ability to pay interest and principal when due, are more susceptible to default or decline in market value and volatile prices and are less liquid than investment grade debt securities.
- **Holding Concentration Risk.** The strategy may be invested in a small number of securities and may be subject to a greater degree of volatility and of risk than one that is more widely diversified.
- **Inflation Risk:** The U.S. economy is currently in a period of high inflation. Investments could have revenues linked to some extent to inflation, including, without limitation, by government regulations and contractual arrangement (such contractual arrangements may not accurately estimate inflation and market rates and could result in revenues at below-market rates). As inflation rises, an investment could earn more revenue but could incur expenses that increase at a higher rate than revenue. As inflation declines, an investment might not be able to reduce expenses commensurate with any resulting reduction in revenue. Inflation may pose a risk to investors because it can reduce savings and investment returns. Inflation and rapid fluctuations in inflation rates have had in the past, and may in the future have, negative effects on economies and financial markets. Furthermore, wages and prices of inputs increase and consumer spending may decrease during periods of inflation, which can negatively impact returns on investments. Governmental efforts to curb inflation often have negative effects on the level of economic activity. Central banks, such as the U.S. Federal Reserve, generally attempt to control inflation by regulating the pace of economic activity. They typically attempt to affect economic activity by raising and lowering short-term interest rates. At times, governments may attempt to manage inflation through fiscal policy, such as by raising taxes or reducing spending, thereby reducing economic activity. Inflation rates may change frequently and significantly as a result of various factors, including unexpected shifts in the domestic or global economy and changes in economic policies, and a Client's investments may not keep pace with inflation, which may result in losses to the Client and its investors. If inflation continues to increase, the real value of investments could decline and the interest payments on a client's or fund's borrowing, if any, may increase. There can be no assurance that a higher rate of inflation will not have a material adverse effect on investments.
- **Infrastructure-Related Companies Risk.** Infrastructure-related companies are subject to a variety of risk factors, including costs associated with environmental, governmental and other regulations, high interest costs for capital construction programs, high leverage, the effects of economic

slowdowns, surplus capacity, increased competition, fluctuations of fuel prices, the effects of energy conservation policies, unfavorable tax laws or accounting policies, environmental damage, difficulty in raising capital, increased susceptibility to terrorist acts or political actions, and general changes in market sentiment towards infrastructure assets.

- **Initial Public Offering (IPO) Risk.** The prices of IPO securities often fluctuate more than prices of securities of companies with longer trading histories and sometimes experience significant price drops shortly after their initial issuance. In addition, companies offering securities in IPOs may have less experienced management or limited operating histories.
- **Interest Rate Risk.** Changes in interest rates may affect operating results by impacting the interest received on floating rate interest bearing investments, the financing costs of debt, and any interest rate swaps that may be utilized for hedging purposes. Borrower default rates may also be affected, which may have a negative impact on the strategy's performance. In a high or rising interest rate environment, interest expense may increase significantly and values of certain types of investments, including real property, fixed-rate loans and certain preferred equity and fixed-income assets, may decrease significantly. In a low or negative interest rate environment, debt instruments may trade at negative yields, which means the purchaser of the instrument may receive at maturity less than the total amount invested. In addition, in a negative interest rate environment, if a bank charges negative interest, instead of receiving interest on deposits, a depositor must pay the bank fees to keep money with the bank. Negative or very low interest rates could magnify the risks associated with changes in interest rates. In general, changing interest rates could have unpredictable effects on markets and may expose fixed-income and related markets to heightened volatility.
- **Investing in the European Union Risk:** Investments in certain countries in the European Union are susceptible to high economic risks associated with high levels of debt, such as investments in sovereign debt of Greece, Italy and Spain. Separately, the European Union faces issues involving its membership, structure, procedures and policies. The exit of one or more member states from the European Union would place its currency and banking system in jeopardy. Efforts of the member states to further unify their economic and monetary policies may increase the potential for the downward movement of one member state's market to cause a similar effect on other member states' markets.
- **Issuer Risk.** The value of a security may decline for a number of reasons which directly relate to the issuer, such as management performance, financial leverage, and reduced demand for the issuer's products or services.
- **Leverage Risk.** Certain transactions and investment strategies may give rise to leverage, including, but not limited to: borrowing, dollar rolls, reverse repurchase agreements, loans of portfolio securities and the use of when-issued, delayed-delivery or forward-commitment transactions. The use of certain derivatives may also increase leveraging risk and adverse changes in

the value or level of the underlying asset, rate, or index may result in a loss substantially greater than the amount paid for the derivative. The use of leverage may exaggerate any increase or decrease in the net asset value (NAV), causing an investment's price to be more volatile. The use of leverage may increase expenses and increase the impact of other risks. In the case of Commingled Funds, the use of leverage may cause a fund to liquidate portfolio positions in disadvantageous times to satisfy its borrowing obligations, resulting in increased volatility of returns. Leverage, including borrowing, may cause a strategy to be more volatile than if the strategy had not been leveraged.

- **Limited Number of Holdings Risk.** Because the strategy may hold a more limited number of securities than other strategies with a similar investment strategy, a change in the value of these securities could significantly affect the value of your investment in the strategy.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Management Risk:** The investment techniques and risk analysis used by some client account's portfolio managers may not produce the desired results.
- **Market Risk and Market Fluctuations:** The market values of the strategy's investments, and therefore, the value of its shares, will go up or down, sometimes rapidly or unpredictably in response to factors such as global economic conditions, particular sectors or governments, or prospects of individual companies. Market risk may affect a single issuer, industry or section of the economy or it may affect the market as a whole. For example, individual stock prices tend to go up and down more dramatically than those of certain other types of investments, such as bonds. During a general downturn in the financial markets, multiple asset classes may decline in value. When markets perform well, there can be no assurance that specific investments held by the strategy will rise in value. The U.S. and global financial markets and the broader financial environment have been, and continue to be, characterized by uncertainty, volatility, and instability and have been and continue to be impacted by global events such as pandemics, political unrest, and military invasions or acts of war. The volatility can negatively impact investments, and it is unclear what the repercussions of this market turmoil will be or whether measures undertaken in response to such turmoil (whether regulatory or financial in nature) will have a positive or negative effect on market conditions.
- **Non-Correlation Risk.** The return of an underlying strategy's preferred equity segment may not match the return of the underlying index for a number of reasons. For example, an underlying strategy incurs operating expenses not applicable to the underlying index, and incurs costs in buying and selling securities, especially when rebalancing securities holdings to reflect changes in the index. In addition, the performance of the preferred equity segment and the underlying index may vary due to asset valuation differences and



differences between the preferred equity segment and the index resulting from legal restrictions, costs or liquidity constraints.

- **Non-Diversification Risk:** The client account may be non-diversified, meaning it can invest a greater portion of its assets in the obligations or securities of a small number of issuers or any single issuer than a diversified client account can. To the extent that a large percentage of the client account's assets may be invested in a limited number of issuers, a change in the value of the issuers' securities could affect the value of the client account more than would occur in a diversified client account.
- **Operational Risk.** IHKL, its service providers, and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect IHKL or an investment strategy, despite the efforts of IHKL and its service providers to adopt technologies, processes, and practices intended to mitigate these risks. Power or communications outages, cyber-attacks, acts of god, information technology equipment malfunctions, operational errors, and inaccuracies within software or data processing systems may also disrupt business operations or impact critical data. Market events also may trigger a volume of transactions that overloads current information technology and communication systems and processes, impacting the ability of IHKL to conduct its operations.
- **Preferred Securities Risk:** Preferred securities may include provisions that permit the issuer, in its discretion, to defer or omit distributions for a certain period of time. If the client account owns a security that is deferring or omitting its distributions, the client account may be required to report the distribution on its tax returns, even though it may not have received this income. Further, preferred securities may lose substantial value due to the omission or deferment of dividend payments. Preferred securities may be less liquid than many other securities, such as common stocks, and generally offer no voting rights with respect to the issuer. Preferred securities also may be subordinated to bonds or other debt instruments in an issuer's capital structure, subjecting them to a greater risk of non-payment than more senior securities. In addition, in certain circumstances, an issuer of preferred securities may redeem the securities prior to a specified date, and this may negatively impact the return of the security.
- **Real Estate Debt Investment Risk.** IHKL invests in real estate-related debt investments on behalf of certain mandates. Any deterioration of real estate fundamentals generally, and in the United States in particular, could negatively impact performance by making it more difficult for issuers to satisfy their debt payment obligations, increasing the default risk applicable to issuers, or making it relatively more difficult for IHKL to generate attractive risk-adjusted returns for its clients. Commercial real estate loans may not be secured by a mortgage but may instead be secured by partnership interests or other collateral that may provide weaker rights than a mortgage. In the event of a default, the source of

repayment will be limited to the value of the collateral and may be subordinate to other lienholders. Changes in general economic conditions will affect the creditworthiness of borrowers (potentially increasing the risk of default or insolvency) or value of real estate collateral relating to client investments (potentially resulting in a loss of principal to the extent of any deficiency between the value of the collateral and the principal of the loan) and may include economic or market fluctuations, changes in environmental and zoning laws, casualty or condemnation losses, regulatory limitations on rents, decreases in property values, changes in the appeal of properties to tenants, changes in supply and demand for competing properties in an area (as a result, for instance, of overbuilding), fluctuations in real estate fundamentals (including average occupancy, operating income and room rates for hotel properties), the financial resources of tenants, changes in availability of debt financing or mortgage funds which may render the sale or refinancing of properties difficult or impracticable, changes in building, environmental and other laws, energy and supply shortages, various uninsured or uninsurable risks, natural disasters, political events, trade barriers, currency exchange controls, changes in government regulations (such as rent control), changes in real property tax rates and operating expenses, changes in interest rates, increased mortgage defaults, increases in borrowing rates, negative developments in the economy or political climate that depress travel activity, environmental liabilities, contingent liabilities on disposition of assets, acts of God, terrorist attacks, war, demand or real estate values generally and other factors that are beyond the control of IHKL. Real estate-related debt investments generally are subject to various creditor risks, including (1) the possible invalidation of an investment transaction as a “fraudulent conveyance” under the relevant creditors’ rights laws, (2) so called lender liability claims by the issuer of the obligations and (3) environmental liabilities that may arise with respect to collateral securing the obligations. Whole loan mortgages generally are not government guaranteed or privately insured and are directly exposed to losses resulting from default and foreclosure. Real-estate related debt may not be secured by a mortgage, but instead by partnership interests or other collateral that may provide weaker rights than a mortgage; in such cases it is likely that our client would be restricted in the exercise of its rights in respect of such investments by the terms of subordination agreements in favor of the debt or other securities ranking ahead of such capital. There can be no assurance that there will be a ready market for the resale of investments because investments may not be liquid. Illiquidity may result from the absence of an established market for the investments, as well as legal or contractual restrictions on their resale. The value of securities of companies which service the real estate business sector may also be affected by such risks. In addition, market conditions relating to real estate commercial loan investments have evolved since the financial crisis, which has resulted in a modification to certain loan structures or market terms. For example, it has become increasingly difficult for real estate debt commercial loan investors in certain circumstances to receive full transparency with respect to underlying investments because transactions are often

effectuated on an indirect basis through pools or conduit vehicles rather than directly with the borrower. Any such changes in loan structures or market terms may make it more difficult for us to monitor and evaluate investments. IHKL cannot predict whether economic conditions generally, and the conditions for real estate debt commercial loan investing in particular, will deteriorate in the future. Declines in the performance of the U.S. and global economies or in the real estate debt commercial loan markets could have a material adverse effect on our investment activities.

- **Repurchase Agreement Risk.** If the seller of a repurchase agreement defaults or otherwise does not fulfill its obligations, the Strategy may incur delays and losses arising from selling the underlying securities, enforcing its rights, or declining collateral value.
- **Restricted Securities.** Restricted securities cannot be sold without being registered under the Securities Act of 1933, as amended, unless they are sold pursuant to an exemption from registration (such as Rules 144 or 144A). These securities may be sold in private placement transactions between issuers and their purchasers and may be neither listed on an exchange nor traded in other established markets. Many times, these securities are subject to legal or contractual restrictions on resale. As a result of the absence of a public trading market, the prices of these securities may be more volatile, less liquid and more difficult to value than publicly traded securities. The price realized from the sale of these securities could be less than the amount originally paid or less than their fair value if they are resold in privately negotiated transactions. In addition, these securities may not be subject to disclosure and other investment protection requirements that are afforded to publicly traded securities. Certain investments may include investment in smaller, less seasoned issuers, which may involve greater risk.
- **Reverse Repurchase Agreement Risk.** If the risk that the market value of securities to be repurchased declines below the repurchase price, or the other party defaults on its obligation, an underlying strategy may be delayed or prevented from completing the transaction. In the event the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, an underlying strategy's use of the proceeds from the sale of the securities may be restricted. When an underlying strategy engages in reverse repurchase agreements, changes in the value of an underlying strategy's investments will have a larger effect on its share price than if it did not engage in these transactions due to the effect of leverage, which will make an underlying strategy's returns more volatile and increase the risk of loss. Additionally, interest expenses related to reverse repurchase agreements could exceed the rate of return on other investments held by an underlying strategy, thereby reducing returns to shareholders.
- **Risk of Purchasing A Shares in Chinese Companies.** Substantial liquidity risks exist in the A share market for Chinese companies. Chinese A shares may therefore be subject to the strategy's limitation on investing in illiquid securities and are also subject to regulations regarding minimum and maximum

investment quotas and repatriation restrictions for both principal invested and profits earned.

- Risks linked with dealing in securities in China via Stock Connect: To the extent that a Fund's investments in China are dealt via Stock Connect, such dealing may be subject to additional risk factors. In particular, Shareholders should note that the relevant regulations governing Stock Connect are subject to change. Stock Connect is subject to quota limitations which may restrict the Fund's ability to deal via Stock Connect on a timely basis. This may impact the Fund's ability to implement its investment strategy effectively. The scope of the Shanghai-Hong Kong Stock Connect includes all constituent stocks of the SSE 180 Index, the SSE 380 Index and all SSE-listed China A Shares that are not included as constituent stocks of the relevant indices but which have corresponding H Shares listed on SEHK. The scope of the Shenzhen-Hong Kong Stock Connect includes all constituent stocks of the SZSE component Index, SZSE Small/Mid Cap Innovation Index which have a market capitalisation of RMB 6 billion or above and all SZSE-listed shares of companies which have issued both China A-Shares and H Shares. Shareholders should note further that under the relevant regulations a security may be recalled from the scope of Stock Connect. This may adversely affect the Fund's ability to meet its investment objective, e.g. when the Investment Manager wishes to purchase a security which is recalled from the scope of Stock Connect.
- Risks of Subordinated Debt. Perpetual subordinated debt is a type of hybrid instrument that has no maturity date for the return of principal and does not need to be redeemed by the issuer. These investments typically have lower credit ratings and lower priority than other obligations of an issuer during bankruptcy, presenting a greater risk for nonpayment. This risk increases as the priority of the obligation becomes lower. Payments on these securities may be subordinated to all existing and future liabilities and obligations of subsidiaries and associated companies of an issuer. Additionally, some perpetual subordinated debt does not restrict the ability of an issuer's subsidiaries to incur further unsecured indebtedness.
- Rising Interest Rate Risk and its Impact on Real Estate Investing. Increases in interest rates increase the cost of capital and could adversely affect IHKL's ability to acquire target real assets that satisfy client investment objectives and increase the amount of client loan payments. Interest rates are one of the variables that affect real estate asset prices, with higher interest rates generally resulting in higher capitalization rates and lower property values. Rising interest rates generally reduce the demand for mortgage loans due to the higher cost of borrowing. A reduction in the volume of mortgage loans originated may affect the volume of targeted credit assets available to IHKL, which could adversely affect its ability to acquire assets that satisfy client investment objectives. Rising interest rates may also cause our credit assets that were issued before an interest rate increase to provide yields that are below prevailing market interest rates. If rising interest rates cause IHKL to be unable to acquire a sufficient volume of targeted assets with a yield that is above borrowing cost, IHKL's ability

- to satisfy client investment objectives and to generate income and pay dividends may be materially and adversely affected. Interest paid on client loan obligations will reduce cash available for distributions. We have obtained and will likely in the future obtain variable rate loans, and as a result, increases in interest rates could increase our interest costs, which could reduce our cash flows and our ability to make distributions to investors. In addition, if IHKL must repay existing loans during periods of rising interest rates for its client accounts, it could be required to liquidate one or more of its clients' investments at times that may not permit realization of the maximum return on such investments. Certain client mortgage notes and revolving credit facility financings are variable rate and indexed to the SOFR or another benchmark rate.
- **Sector Concentration Risk.** The strategy may be primarily invested in securities within a specific or a small number of sectors and/or industries. Adverse developments within such sectors and/or industries may affect the value of the underlying securities of a Fund investing in such securities. Investors should be prepared to accept a higher degree of risk than for a fund that is more widely diversified across different sectors.
  - **Sector Focus Risk.** A strategy may from time to time invest a significant amount of its assets (i.e. over 25%) in one market sector or group of related industries. In this event, the strategy's performance will depend to a greater extent on the overall condition of the sector or group of industries and there is increased risk that the strategy will lose significant value if conditions adversely affect that sector or group of industries.
  - **Small- and Mid-Capitalization Risks:** Stocks of small- and mid-sized companies tend to be more vulnerable to adverse developments and may have little or no operating history or track record of success, and limited product lines, markets, management and financial resources. The securities of small- and mid-sized companies may be more volatile due to less market interest and less publicly available information about the issuer. They also may be illiquid or restricted as to resale, or may trade less frequently and in smaller volumes, all of which may cause difficulty when establishing or closing a position at a desirable price.
  - **Technology Sector Risk.** Technology companies are subject to intense competition, rapid obsolescence of their products, issues with obtaining financing or regulatory approvals, product incompatibility, changing consumer preferences, high required corporate capital expenditure for research and development or infrastructure and development of new products, each of which make the prices of securities issued by these companies more volatile.
  - **Underlying strategy securities that are valued using techniques other than market quotations, including "fair valued" securities, may be subject to greater fluctuation in their value from one day to the next than would be the case if market quotations were used.** In addition, there is no assurance that an underlying strategy could sell a portfolio security for the value established for it at any time, and it is possible that an underlying strategy would incur a loss because a security is sold at a discount to its established value.

- **Unseasoned Issuer Risk.** Investments in unseasoned companies or companies with special circumstances often involve much greater risks than are inherent in other types of investments and securities of such companies may be more likely to experience fluctuations in price. In addition, investments made in anticipation of future events may, if the events are delayed or never achieved, cause stock prices to fall.
- **U.S. Government Obligations Risk.** Obligations of U.S. Government agencies and authorities receive varying levels of support and may not be backed by the full faith and credit of the U.S. Government, which could affect the strategy's ability to recover should they default. No assurance can be given that the U.S. Government will provide financial support to its agencies and authorities if it is not obligated by law to do so.
- **Valuation Risk.** Financial information related to securities of non-U.S. issuers may be less reliable than information related to securities of U.S. issuers, which may make it difficult to obtain a current price for a non-U.S. security held by an underlying strategy. In certain circumstances, market quotations may not be readily available for some underlying strategy securities, and those securities may be fair valued. The value established for a security through fair valuation may be different from what would be produced if the security had been valued using market quotations.
- **Valuation Time Risk.** An underlying exchange-traded strategy may invest in securities of foreign issuers and, because foreign exchanges may be open on days when an underlying strategy does not price its shares, the value of the non-U.S. securities in an underlying strategy's portfolio may change on days when investors are not able to purchase or sell an underlying strategy's shares. As a result, trading spreads and the resulting premium or discount on an underlying strategy's shares may widen, and, therefore, increase the difference between the market price of an underlying strategy's shares and the NAV of such shares.
- **Variable-Rate Demand Note Risk.** The absence of an active secondary market for certain variable and floating rate notes could make it difficult to dispose of these instruments, which could result in a loss.
- **Volatility Management Risk.** IHKL's strategy for managing portfolio volatility may not produce the desired result and there can be no guarantee that the strategy will maintain its target volatility level. Additionally, maintenance of the target volatility level will not ensure that the strategy will deliver competitive returns. The use of derivatives in connection with the strategy's managed volatility strategy may expose the strategy to losses (some of which may be sudden) that it would not have otherwise been exposed to if it had only invested directly in equity and/or fixed income securities. Efforts to manage the strategy's volatility could limit the strategy's gains in rising markets and may expose the strategy to costs to which it would otherwise not have been exposed. IHKL uses a combination of proprietary and third-party systems and risk models to help it estimate the strategy's expected volatility, which may perform

differently than expected and may negatively affect performance and the ability of the strategy to maintain its volatility at or below its target maximum annual volatility level.

- **Warrants Risk.** Warrants may be significantly less valuable or worthless on their expiration date and may also be postponed or terminated early, resulting in a partial or total loss. Warrants may also be illiquid.
- **Yield Risk.** The strategy's yield will vary as the short-term securities in its portfolio mature or are sold and the proceeds are reinvested in other securities. When interest rates are very low, the strategy's expenses could absorb all or a portion of the strategy's income and yield. Additionally, inflation may outpace and diminish investment returns over time.
- **Zero Coupon or Pay-in-Kind Securities Risk.** The value, interest rates, and liquidity of non-cash paying instruments, such as zero coupon and pay-in-kind securities, are subject to greater fluctuation than other types of securities. The higher yields and interest rates on pay-in-kind securities reflect the payment deferral and increased credit risk associated with such instruments and that such investments may represent a higher credit risk than loans that periodically pay interest.
- **Coronavirus and Public Health Emergencies.** There continues to be ongoing outbreaks of the highly contagious coronavirus referred to as covid-19 ("Covid-19"). The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. Measures taken by national and regional governments, states, districts and municipalities, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess.

Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant impact on IHKL and its client accounts. The extent of the impact of COVID-19 or any other public health emergency on the operational and financial performance of IHKL' client accounts will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency may materially and adversely impact the value and performance of the investments held in any client accounts as well as the ability of IHKL to source, manage and divest investments and achieve the investment objectives of its clients, all of which could result in significant losses to such

clients. In addition, the operations of IHKL and/or its affiliates may be significantly impacted, or even halted, either temporarily or on a long-term basis, as a result of government quarantine and curfew measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel. The full effects, duration and costs of COVID-19 are impossible to predict, and the circumstances surrounding the COVID-19 will continue to evolve.



## **Disciplinary Information**

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### Legal and Disciplinary

IHKL has not been involved in legal or disciplinary events related to our asset management business.

## **Other Financial Industry Activities and Affiliations**

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### **IHKL**

IHKL is an indirect, wholly-owned subsidiary of Invesco Ltd. Invesco Ltd is publicly traded on the New York Stock Exchange under the symbol IVZ.

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### **Affiliations**

#### **Broker-Dealers**

By virtue of Registrant's common ownership by Invesco Ltd, IHKL is a related person to the broker-dealers listed below. From time to time these broker-dealers may distribute funds, limited partnerships or other private placement offerings IHKL advises or sub-advises.

INVESCO DISTRIBUTORS, INC

INVESCO CAPITAL MARKETS, INC.

#### **Investment Advisers/ commodity pool operator or commodity trading advisors**

From time to time IHKL or its related parties may have arrangements with the below listed investment advisers, who may also be commodity pool operator or commodity trading advisors, associated with creating, sponsoring, advising, owning, or providing services to mutual funds or separate accounts that may be material to the IHKL's advisory business or its clients.

The following are the affiliated SEC Registered Investment Advisers under the common ownership of Invesco Ltd:

HARBOURVIEW ASSET MANAGEMENT CORPORATION

INTELLIFLO ADVISERS, INC.

INVESCO ADVISERS, INC.

INVESCO ASSET MANAGEMENT (INDIA) PRIVATE LIMITED

INVESCO ASSET MANAGEMENT (JAPAN) LIMITED

INVESCO ASSET MANAGEMENT DEUTSCHLAND GMBH

INVESCO ASSET MANAGEMENT LIMITED

INVESCO CANADA LTD.

INVESCO CAPITAL MANAGEMENT LLC

INVESCO CLO EQUITY FUND 3 L.P.

INVESCO CLO EQUITY FUND IV L.P.

INVESCO EUROPEAN RR L.P.  
INVESCO INVESTMENT ADVISERS LLC  
INVESCO LOAN MANAGER, LLC  
INVESCO MANAGED ACCOUNTS, LLC  
INVESCO PRIVATE CAPITAL, INC  
INVESCO REAL ESTATE MANAGEMENT S.À R.L.  
INVESCO RR FUND L.P.  
INVESCO SENIOR SECURED MANAGEMENT, INC  
IRE (CAYMAN) LIMITED  
OPPENHEIMERFUNDS INC  
WL ROSS & CO. LLC

**Insurance Company or Agency/ Trust Company**

Under the common ownership of Invesco Ltd, IHKL is also a related person to the affiliated SEC Registered companies which are registered as trust company or insurance company or agency below.

INVESCO PENSIONS LTD  
INVESCO TRUST COMPANY

**Other affiliated SEC Registered companies**

Some investment advisers listed above which IHKL or its related parties may have arrangements with are also registered as sponsor or syndicator of limited partnerships (or equivalent) and/or Sponsor, General Partner or Managing Member (or equivalent) of pooled investment vehicles. Under the common ownership of Invesco Ltd., IHKL is also considered a related person to the following SEC Registered companies which are Sponsor, General Partner or Managing Member (or equivalent) of pooled investment vehicles.

INVESCO FUND MANAGERS LTD  
INVESCO INVESTMENT MANAGEMENT LTD  
INVESCO MANAGEMENT S.A.  
INVESCO SPECIALIZED PRODUCTS LLC

## **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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IHKL and its affiliates (collectively “Invesco”) have implemented firm wide policies and procedures, such as the Global Code of Conduct, Global Privacy, Global Insider Trading Policy, Global Outside Business Activities, Global Political Contributions Policy, Global Anti-Bribery and Corruption, supplemented with some regional and local policies and procedures, such as Code of Ethics and Personal Trading Policy for APAC, Greater China Gift and Entertainment, Greater China Insider Trading Policy, all of which are designed to prevent and address conflicts of interest. These policies and procedures reflect the fiduciary principles that govern the conduct of IHKL and its employees, some of those policies and procedures are listed below.

### **Code of Conduct**

IHKL operates in highly regulated and complex global environment. The Global Code of Conduct Policy and Code of Ethics and Personal Trading Policy for APAC (together the “COC Policy”) provide IHKL and its employees with a clear statement of our ethical and cultural standards. First and foremost, Invesco serves our clients as fiduciaries. The COC Policy outlines Invesco’s key principles, reporting and compliance with the COC Policy, and is meant to supplement Invesco’s broader global compliance policies.

No less than annually employees are required to certify to the COC Policy and they are expected to abide both the letter and the spirit of the COC Policy.

### **Code of Ethics and Personal Trading**

IHKL has adopted Code of Ethics and Personal Trading Policy for APAC (the “Code”). In conforming with those rules, the Code contains provisions for personal trading and reporting requirements that are designed to address and prevent potential conflicts of interest.

The Code applies to all IHKL employees and their immediate family members, who must pre-clear their personal securities transactions, report and certify to their holdings on a periodic basis. The Code also includes additional pre-clearance provisions and restrictions for Investment Persons, whom may have incentive to favor products for which they may have a personal interest.

The Code also imposes restrictions on personal securities transactions, such as profiting from short-term trades, instituting blackout periods, restricting certain investment activities, such as participation in IPOs or limited offerings and insider trading.

Invesco also maintains and monitors a restricted list which is designed to avoid potential conflicts of interest or the appearance of an undue influence in the selection of investments.

IHKL has also established a violation and escalation procedure with respect to the Code, which outlines what remedial actions should be taken in response to a violation, which includes, but is not limited to, imposing sanctions, such as suspension, demotion or disgorgement of profits.

The Code is available to clients or prospective clients upon request.

#### Material Non-Public Information/Insider Trading

IHKL adopted both the Global Insider Trading Policy and Greater China Insider Trading Policy (the “Insider Trading Policy”), which was designed to detect and prevent Covered Persons (i.e., Directors, Officers, Employees including temporary employees, consultants and independent contractors) who may acquire confidential or material, non-public information pertaining to an issuer that may prevent or prohibit Invesco from providing investment advice to client accounts with respect to such issuer irrespective of a client account’s investment objectives or guidelines. Covered Persons are prohibited from trading, either personally or on behalf of others on material non-public information or communicating material non-public information to others in violation of the law. Under the Insider Trading Policy, there are restrictions that apply to certain transactions in Invesco’s securities (e.g., short-sales or publicly traded options), and there are exemptions specific to certain transactions under Invesco sponsored plans (e.g., stock awards or direct stock purchases and ESPP). In connection with certain activities of IHKL, covered persons may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. IHKL will not be free to act upon any such information. Due to these restrictions, IHKL may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

#### Outside Business Activities

All Invesco employees are subject to the Global Outside Business Activities policy which requires employees to obtain approval before engaging in any outside activity. An outside business activity refers to any outside activity for which an employee is engaged, outside of their duties and responsibilities to (or with) Invesco, regardless of whether the activity is compensated (monetarily or otherwise). Prior review and approval of an outside activity allows Invesco the opportunity to consider whether the activity creates an actual or potential conflict of interest

## Political Contributions

The Global Political Contributions Policy (the “PC Policy”) was established to comply with applicable U.S. federal, state and local regulations. Under the PC Policy, Invesco and its employees are prohibited from making or soliciting political contributions or engaging in political activities for the purpose of procuring and retaining business with U.S. government entities. Non-U.S. nationals are prohibited, as a matter of law, from making contributions to political candidates in U.S. federal, state and local elections. The PC Policy applies to all Invesco employees, the employee’s spouse and dependent children under the age of 26 who live at home and are eligible to vote in U.S. elections. All political contributions must be pre-cleared prior to making any political contribution, and employees are prohibited from making any political contributions on behalf of Invesco Hong Kong Limited or any of its affiliates.

## Gifts and Entertainment

IHKL has adopted the Greater China Gifts and Entertainment Policy that is designed to (i) restrict and limit the giving or receiving of gifts, entertainment, or meals by personnel, and (ii) along with the Code, address or avoid any potential or actual conflicts of interest between personal interests of such personnel and clients. Occasionally, personnel participate in entertainment opportunities that are for legitimate business purposes, subject to the restrictions and limitations set forth in the Greater China Gifts and Entertainment Policy and the Code.

## Conflicts of Interest

Invesco Hong Kong Limited and its related entities engage in a broad range of activities, including investment activities for their own account and for the account of other investment funds, and provide transaction-related, investment advisory, management and other services to funds and operating companies. In the ordinary course of conducting its activities, the interests of a client will, from time to time, conflict with the interests of Invesco Hong Kong Limited, other clients, or their respective affiliates. Certain of these conflicts of interest, as well a description of how these conflicts are addressed can be found below.

The material conflicts of interest encountered by a client include those discussed below, although the discussion below does not necessarily describe all of the conflicts that may be faced by a client. Other conflicts may be disclosed throughout this brochure and the brochure should be read in its entirety for other conflicts. Our policies and procedures are intended to identify these and other potential conflicts and to assure that in all instances client interests come first.

## Employee Co-investment Program and Other Employee Personal Investments

From time to time, IHKK employees, officers or directors may be offered the opportunity to participate in a co-investment program alongside a client account.

IHKL employees, officers or directors may also purchase securities in non-public transactions outside the context of co-investment programs. Thereafter, IHKL and/or any other Invesco affiliate may recommend the purchase of publicly issued securities of the same issuers for their clients. In this event, IHKL employee, who made a personal investment in a non-public transaction of such issuer, will not participate in the consideration of whether Invesco clients should invest in that issuer's securities. Such consideration will be subject to independent review by the Firm's investment personnel having no personal investment in the issuer.

From time to time, certain employees of IHKL and/or any other Invesco affiliates may invest in securities held by or deemed suitable for our clients if prior approval is obtained from the Compliance Department. Notwithstanding the foregoing, no prior approval is required of IHKL employees to invest in other types of investments, including but not limited to, U.S. government securities, money market instruments, variable insurance products, currencies, commodities, open-end mutual funds and Unaffiliated ETFs. A "de minimis exemption" under the Code is available to employees if certain requirements have been met. Further, the blackout period restrictions shall not apply to purchases and sales of a Covered Security that comply with certain specifications (e.g., large market capitalization) as may be determined from time to time by the Compliance Department.

Trading for certain employee or client accounts (Funds, or in some cases, specific Funds and/or Wrap Programs only) may be restricted due to certain relationships with an actual or potential investee company. Invesco maintains and monitors a restricted list for such situations which is designed to avoid potential conflicts of interest or the appearance of an undue influence in the selection of investments.

#### Transfers/Cross Trades between Accounts

In certain circumstances, IHKL will determine that it is appropriate to sell securities or other investments held by one client account it advises to another client account it advises (a "cross trade"). A cross trade will occur only when such transaction complies with applicable rules and regulations and is consistent with the investment policies, governing provisions and objectives of each account. IHKL will recommend such cross trades only when it believes that such a transaction would be in the best interests of both accounts participating in the transaction and would be executed at a price determined to be fair under the circumstances or applicable rules and regulations.

#### Our Approach to Potential Conflicts

Various parts of the Brochure address potential conflicts of interest based on the Invesco's business. Therefore, Invesco takes steps to mitigate, or at least disclose, potential conflicts when they arise. Conflicts are generally mitigated through written policies and procedures that are developed to protect the interest of our clients. Each Invesco Hong Kong Limited and/or its affiliate, handles these conflicts by complying with the applicable laws, rules and regulations and internal

policies and procedures. In addition, Invesco Hong Kong Limited and/or its affiliate reviews its policies and procedures on an ongoing basis to evaluate their effectiveness.

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## Information Security & Data Privacy

At a time when cyber threats are considered one of the most significant risks facing financial institutions, we continue to invest in our security capabilities to keep clients, employees, and critical assets safe, while enabling a secure and resilient business. We have designated a Global Chief Security Officer and have a global security program that combines information (including cyber) security, physical security, privacy, business security and recovery, and strategy & reporting under a single umbrella supported by an intelligence function that provides timely threat information.

Our information security program, led by our Chief Information Security Officer (who reports to our Global Chief Security Officer), is designed to oversee and maintain all aspects of information security risk to ensure the confidentiality, integrity and availability of information assets. This includes the implementation of controls aligned with industry guidelines and applicable statutes and regulations to identify threats, detect attacks and protect these information assets. We have an incident response program that includes periodic testing and is designed to restore business operations as quickly and as orderly as possible in the event of a breach.

Invesco's Board is responsible for overseeing the global security and information security programs and holding senior management accountable for its actions. This includes understanding the business need and associated risks, providing management direction, reviewing periodic reports on program effectiveness, and discussing management's strategy and recommendations for managing risk.

With respect to IHKL's staff, all salary, benefit, medical and other personal information shall generally be treated as confidential. Personnel files, payroll information, disciplinary matters, and similar information are to be maintained in a manner designed to protect confidentiality in accordance with applicable laws. All IHKL's staff shall exercise due care to prevent the release or sharing of such information beyond those persons who may need such information to fulfill their job functions. Notwithstanding the foregoing, all personnel information belongs solely to IHKL and may be reviewed or used by the company as needed to conduct its business.



## Brokerage Practices

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### Selecting Brokerage Firms

All approved brokers and counterparties are updated in IHKL's Authorised Brokers and Counterparties List. Approval for use of the Broker or the Counterparty is granted for specific instrument and trading market. The approvers include the Head of Asia Pacific Portfolio Services; Head of Compliance; Chief Investment Officer, Asia ex Japan/the Regional Head of Investments, Asia Pacific; Head of Trading, Asia Pacific/Global Head of FIC trading.

Transactions with different instruments inherently exposed IHKL to different level and different perspectives of counterparty risks. To mitigate the risks, the following consideration factors will be taken into account when reviewing and approving use of a Broker or a Counterparty other than for IPO / secondary public offer arrangement.

- a. Duty of Best Execution – Broker / Counterparty must have in place execution arrangements which satisfy its requirement to take all reasonable steps to obtain, on a consistent basis, the best possible results for clients' orders.
- b. Operational Capabilities – Broker / Counterparty is able to provide pending trade or failed trade report, if applicable; support post-trade matching as required by Operations; and/or other relevant criterion as Operations would consider.
- c. Reputation – No sanction or disciplinary action in relation to the Broker / Counterparty's trading process is pending or happened in the past three (3) years.
- d. Regulatory Compliance – Maintain an active license status in relevant jurisdictions. Brokers who are providers of electronic trading services or algorithms trading services to IHKL must satisfy SFC electronic trading requirements.
- e. Default Risk – at least Investment Grade for Long-term credit rating provided by one of the recognized credit rating agencies.
- f. Satisfy at least one of the following criteria:
  - over 50% of share equity of the Broker / Counterparty or its immediate holding company or ultimate holding company is held by an authorised financial institution; or
  - shares of the Broker / Counterparty or its immediate holding company or ultimate holding company are listed on a Stock Exchange; or

- share equity of the Broker / Counterparty or its immediate holding company or ultimate holding company is over USD250M.

Subject to additional consideration factors for example market availability, trading capability, business contingency and etc., the approval personnel may grant approval with condition(s) for using Broker / Counterparty who does not fully satisfy the approval criteria.

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## Best Execution

IHKL defines “best execution” as the process to ensure client orders are managed and subsequently executed on the best available terms. We take into consideration the explicit costs like commissions as well as implicit costs. When examining implicit costs, we look at the context of the trade, examining the prevailing market conditions like price at the time of the trade, as well as the characteristics of the underlying trade, like order size and liquidity.

IHKL periodically and systematically evaluates the execution performance of brokers executing transactions. Reviews on counterparty performances are conducted on a periodic basis. The results are subsequently reviewed by the Greater China Trading Oversight Committee (“GCTOC”).

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## Soft Dollars

IHKL has appropriate internal procedures in place to enable IHKL to comply with all the applicable regulations and guidance of the U.S. Securities and Exchange Commission relating to soft dollar payments when executing transactions for and on behalf of the funds registered under the Investment Company Act of 1940. IHKL segregates those transactions executed for and on behalf of the funds registered under the Investment Company Act of 1940 from other trades which are subject to soft dollar arrangements entered into by IHKL for other funds and/or accounts managed by IHKL that are permissible under the applicable regulatory requirements.

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## Order Aggregation

IHKL will aggregate open orders when the security, side, and trading instruction are the same for all Managed Accounts except for those Managed Accounts which are subject to trading restrictions. Executed transactions are allocated promptly and fairly in accordance with the stated intention among the participating Managed Accounts. Allocation of executions, including incomplete and partial executions, will be allocated on a pro-rata basis based on order size.

## **Review of Accounts**

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### **Periodic Reviews**

Account reviews are performed periodically during a formal meeting chaired by Regional Head of Investments, Asia Pacific, with Regional Head of Investment Risk Management and Quantitative Research, CIO and relevant fund managers.

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### **Review Triggers**

Other conditions that may trigger a review are material event in market, or adhoc news.

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### **Regular Reports**

Account reviewers include Regional Head of Investments, Asia Pacific, with Regional Head of Investment Risk Management and Quantitative Research, CIO and relevant fund managers.

Clients receive periodic communications, including but not limited to portfolio statement, and commentaries (if applicable), subject to the servicing agreement agreed upon. Investors in pooled funds can refer to IHKL and its investment adviser affiliates' websites for factsheet information in relation to the funds they invest in.

## **Client Referrals and Other Compensation**

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### **Referrals**

IHKL has received a number of client referrals over the years. The referrals came from current clients, independent financial consultants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

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### **Other Compensation**

IHKL will enter into agreements with licensed entities for distribution of financial products. Compensation will be provided to these entities with regards to their services.

## **Custody**

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### Account Statements and Transaction Report

Although all assets are held at designated custodians, IHKL provides its clients with monthly valuation and transaction reports at least on a monthly basis. In addition, IHKL will provide those reports to clients more frequently upon request.

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### Performance Reports

Performance Reports which forms part of monthly valuation report will be sent to the clients at least on a monthly basis.

## **Investment Discretion**

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### **Discretionary Authority for Trading**

IHKL accepts discretionary authority to manage securities accounts on behalf of clients who sign the Investment Management Agreement with IHKL. IHKL has the authority to determine the securities to be bought or sold, and the amount of the securities to be bought or sold. In some cases, clients may place limitations such as setting a block or requesting a prior client approval when trading some particular stocks. These limitations are all agreed between IHKL and its clients and stated out on the Investment Management Agreement before executing the agreement.

The client typically appoints its own custodian and agrees on the fees and commission rates paid to the custodian. IHKL does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in clients' accounts on their behalf so that IHKL may promptly implement the investment policy that the clients have approved in writing.

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### **Limited Power of Attorney**

The signing of the Investment Management Agreements is a discretionary Authorization for trading purpose.

## Voting Client Securities

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IHKL and its investment adviser affiliates (collectively, “Invesco”) has adopted a Policy Statement on Global Corporate Governance and Proxy Voting (the “Invesco Global Proxy Voting Policy” or “Policy”). The Policy, which Invesco believes describes policies and procedures reasonably designed to ensure proxy voting matters are conducted in the best interests of its clients.

Invesco understands proxy voting is an integral aspect of the investment management services it provides to clients. As an investment adviser, Invesco has a fiduciary duty to act in the best interests of our clients. Where Invesco has been delegated the authority to vote proxies with respect to securities held in client portfolios, we exercise such authority in the manner we believe best serves the interests of our clients and their investment objectives. We recognize that proxy voting is an important tool that enables us to drive shareholder value.

A summary of Invesco’s global operational procedures and governance structure is included in Part II of the Policy. Invesco’s good governance principles, which are included in Part III of the Policy, and its internal proxy voting guidelines are both principles and rules and cover topics that typically appear on voting ballots. Invesco’s portfolio management teams retain ultimate authority to vote proxies. Given the complexity of proxy issues across our clients’ holdings globally, our investment teams consider many factors when determining how to cast votes. We seek to evaluate and make voting decisions that favor proxy proposals and governance practices that, in our view, promote long-term shareholder value.

A copy of the Invesco Global Proxy Voting Policy is available on Invesco’s web site: <https://www.invesco.com/corporate/about-us/esg>. Invesco makes available its proxy voting records publicly in compliance with regulatory requirements and industry best practices in accordance with the US Securities and Exchange Commission regulations, Invesco will file a record of all proxy voting activity for the prior 12 months ending June 30th for each U.S. registered fund. That filing is made on or before August 31st of each year and available on Invesco’s web site: <https://www.invesco.com/corporate/about-us/esg>. Clients can obtain the policy by calling Invesco’s Client Services department at 1-800-959-4246.

### Applicability of Policy

Invesco’s portfolio management teams vote proxies on behalf of Invesco-sponsored funds and both fund and non-fund advisory clients that have explicitly granted Invesco authority in writing to vote proxies on their behalf. In the case of institutional or sub-advised clients, Invesco will vote the proxies in accordance with the Policy unless the client agreement specifies that the client retains the right to vote or has designated a named fiduciary to direct voting.

In certain Wrap Programs, Invesco Advisers will not be delegated the responsibility to vote proxies held by the Wrap Program accounts and, instead, the Program Sponsor or another service provider will generally vote such proxies. Clients in these Wrap Programs should contact the Program Sponsor for a copy of the Program Sponsor's proxy voting policies.

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### Invesco's Good Governance Principles

Invesco's good governance principles outline its views on best practice in corporate governance and long-term investment stewardship. These principles have been developed by Invesco's global investment teams in collaboration with the Proxy Voting and Governance team and various departments internally. The broad philosophy and guiding principles in this section inform Invesco's approach to long-term investment stewardship and proxy voting. The principles and positions reflected in the Policy are designed to guide Invesco's investment professionals in voting proxies; they are not intended to be exhaustive or prescriptive.

Invesco's portfolio management teams retain full discretion on vote execution in the context of our good governance principles and internal voting guidelines, except where otherwise specified in the Policy. The final voting decisions may consider the unique circumstances affecting companies, regional best practices and any dialogue we have had with company management. As a result, different portfolio management teams may vote differently on particular proxy votes for the same company. To the extent a portfolio management team chooses to vote a proxy in a way that is not aligned with the good governance principles, such manager's rationales are fully documented.

When evaluating proxy issues and determining how to cast our votes, Invesco's portfolio management teams may engage with companies in advance of shareholder meetings, and throughout the year. These meetings can be joint efforts between our global investment professionals.

The good governance principles apply to proxy voting with respect to operating companies. Invesco applies a separate approach to open-end and closed-end investment companies and unit investment trusts. Where appropriate, these guidelines may be supplemented by additional internal guidance that considers regional variations in best practices, company disclosure and region-specific voting items. Invesco may vote on proposals not specifically addressed by these principles based on an evaluation of a proposal's likelihood to enhance long-term shareholder value.

Invesco's good governance principles may be reviewed in Invesco's Global Proxy Voting Policy, a copy of which is available on Invesco's web site: <https://www.invesco.com/corporate/about-us/esg>.



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## Class Actions

Issuers of securities held in client accounts could be the subject of class action lawsuits, and occasionally IHKL is asked whether to participate in litigation, including by filing proofs of claim in class actions.

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## Funds

IHKL directly or through its delegates (which may include, without limitation, personnel of an affiliate, a law firm, custodian or other claim filing service), uses good faith efforts to file proofs of claim on behalf of Funds in class action lawsuit settlements or judgments and regulatory recovery funds pending in the U.S. involving issuers of securities presently or formerly held in the Funds' portfolios, or related parties of such issuers, of which IHKL learns and for which the Funds are eligible during each Fund's existence ("Claim Service"). IHKL has complete discretion to determine, on a case-by-case basis, whether to file proofs of claim and any other required documentation for the Funds in any opt-in actions of which IHKL becomes aware of.

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## Separate Accounts

With respect to separate account clients, IHKL shall not be required, or be liable for, any failure to (i) provide the Claim Service, (ii) file proofs of claim and/or (iii) file any required documentation in any actions. As a general matter, it is the separate account client's responsibility to monitor and analyze its portfolio and consult with its own advisers and custodian about whether it may have claims that it should consider pursuing. IHKL does not act as legal counsel to the client accounts. A client's decision whether to participate in a securities class action lawsuit may involve facts and legal judgments that are beyond the scope of IHKL's management of the account and expertise as an investment adviser.

The client is responsible for the costs of any participation. IHKL is not responsible for a client's or custodian's failure to file claim forms or to request exclusion. .

## **Financial Information**

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### Financial Condition

IHKL does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.