

## **Firm Brochure**

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This brochure provides information about the qualifications and business practices of HSBC Global Asset Management (Hong Kong) Limited. If you have any questions about the contents of this brochure, please contact us at 852 2284 1111. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

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

## **Item 2: Material Changes**

The HSBC Global Asset Management (Hong Kong) Limited (“AMHK”) Form ADV Part 2A (commonly referred to as the “Brochure”) dated April 03, 2020 describes the material changes made to the Brochure since the last annual update dated 31 December 2018.

Item 12 – Brokerage Practices were updated to include the following under Research and Other Soft Dollar Benefits:

- Investment Research and Other Soft Dollar Benefits
- Commission Sharing Arrangements

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## Item 4: Advisory Business

### A. GENERAL DESCRIPTION OF THE ADVISORY FIRM

HSBC Global Asset Management (Hong Kong) Limited (“AMHK”) is wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited, and is indirectly owned by HSBC Holdings plc (“HSBC Group”). HSBC Group is a publically owned corporation based in London, England and trades on various stock exchanges around the world. AMHK registered with United States Securities and Exchange Commission (“SEC”) as an investment advisor effective July 2, 1987. AMHK has been providing discretionary investment management and investment advisory service to US clients since then.

AMHK is an entity within HSBC Global Asset Management (“AMG”), which is made up of a group of companies in countries and territories throughout the world that are engaged in investment advisory and portfolio management activities.

### B. TYPES OF ADVISORY SERVICES

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

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

### C. INVESTMENT RESTRICTIONS

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

### D. WRAP FEE PROGRAMS

AMHK do not participate in wrap fee programs with respect to providing portfolio management services to our US clients.

### E. REGULATORY ASSETS UNDER MANAGEMENT

Total clients asset under our management as of 31 December 2019 are as follows:

- USD 80,470,983,174 on a discretionary basis

## Item 5: Fees and Compensation

### A. ADVISORY FEES AND COMPENSATION

AMHK charges a percentage of the value of assets under management for our service, typically up to 1.75%. Fees for segregated and advisory mandates are negotiable and minimum fee may apply subject to various factors including assets under management and type(s) of investments and client services required.

### B. BILLING METHOD AND FREQUENCY

AMHK will bill our US client for fees incurred quarterly. The US client will pay our management fees in arrears.

### C. OTHER FEES AND EXPENSES

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

- Brokerage fees (please refer to item 12 of this document for details)
- Custodian fees
- Foreign exchange spreads
- Stamp duty
- Levy
- Regarding ETF investments, underlying investment adviser, custodian and administrator fees

Clients have the option to purchase investment products that we recommend through other brokers or agents that are not affiliated to us.

AMHK charges advisory fees but do not charge commissions nor spreads on transactions undertaken for US clients' portfolios under management or advice.

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

AMHK has entered into performance-based fees arrangements with some non-U.S. clients. AMHK maintains policy and procedures to ensure that any potential conflict is managed in an appropriate way and ensure that all clients are treated fairly.

## Item 7: Types of Clients

AHMK offers investment advisory/sub-advisory services to varying types of clients that may include, but are not limited to:

- Government and Government Agencies
- Pensions/Retirement Funds
- Corporations
- Insurance Companies
- Financial Institutions
- Investment Funds or Companies
- Charities
- Other investment advisers

AMHK will consider new segregated accounts with a minimum client revenue of USD 100,000 per annum.

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

A. AMHK uses one or more of the following methods of analysis in formulating investment advice or managing assets:

- Quantitative Analysis
- Fundamental Research, bottom-up research
- Stock specific analysis
- Multi-faceted risk systems
- Issuer selection
- Credit review
- Fundamental credit analysis
- Bottom-up proprietary model Valuations/Earnings
- Top-down macro economic indicators
- Economic indicators
- Macro Economy, Valuation, Technical factors, Event risk

AMHK uses one or more of the following investment strategies in formulating investment advice or managing assets:

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

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

B. Material risks involved in Active Fundamental and Quantitative strategies are:

- Equity risk
- Liquidity risk
- Credit risk
- Interest Rate risk

- Currency risk
- Counterparty risk

Material risks involved in Liquidity strategy are:

- Liquidity risk
- Credit risk
- Interest Rate risk
- Currency risk
- Counterparty risk

C. AMHK primarily manages portfolio of equities, fixed incomes and mixed-assets subject to one or more of the following risks:

- Equity risk
- Liquidity risk
- Credit risk
- Interest Rate risk
- Currency risk
- Counterparty risk

## **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of AMHK advisory business or the integrity of AMHK management.

## **Item 10: Other Financial Industry Activities and Affiliations**

### **A. BROKER-DEALER REGISTRATION STATUS**

AMHK (including its management persons) is not registered nor required to register with FINRA as a broker-dealer, and does not conduct broker-dealer activities.

### **B. REGISTRATIONS STATUS WITH OTHER INDUSTRY ENTITIES**

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

### **C. MATERIAL RELATIONSHIPS**

AMHK is part of the HSBC Group and our affiliates carry out various types of financial and non-financial activities. AMHK may use banking, custodian, broking and other financial and non-financial services offered by our affiliates. AMHK treats these affiliates as if they are independent third parties and deal with them at arm's length terms regarding investments made for our clients.

AMHK implemented proper measures (Information Barriers) to ensure that information of a price sensitive nature, or which could give rise to conflicts of interest or conflicts of duty owed to clients and which is known to or produced by individuals employed in one part of the HSBC Group, is not available directly or indirectly to individuals elsewhere in a connected company or to outside persons.

### **D. RECOMMEND OR SELECT OTHER INVESTMENT ADVISERS**

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

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

### **A. CODE OF ETHICS AND PERSONAL TRADING**

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

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

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

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

### **C. INVEST IN THE SAME SECURITIES AS RECOMMENDED TO CLIENTS**

AMHK staff who are 'access person' shall not trade for personal account in securities or related securities on a date that we traded or recommended to clients the same securities within 7 calendar days before or after that date or on that date. However, for the top 25 Hong Kong Stocks, one trading day blackout period applies. The "top 25 Hong Kong Stocks" means the top 25 Hong Kong stocks (in terms of Market Capitalization) as set out in the website of the Hong Kong Exchange and Clearing Limited, with the section headed "50 Leading companies in market capitalization" by referring to the link [https://www.hkex.com.hk/Market-Data/Statistics/consolidated-Reports/Monthly-Bulletin?sc&sc\\_lang=en#select1=0&select2=1](https://www.hkex.com.hk/Market-Data/Statistics/consolidated-Reports/Monthly-Bulletin?sc&sc_lang=en#select1=0&select2=1). Further, our staff must not deal in circumstances which present a conflict of interest with our clients.

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

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

AMHK, our staff and related persons may not buy or sell for its own an investment on a day in which we have a pending 'buy' or 'sell' order in the same investment for clients until that order is fully executed or withdrawn.

## Item 12: Brokerage Practices

### A. BROKERAGE SELECTION

#### 1. Research and Other Soft Dollar Benefits

##### Broker-Dealer Selection for Client Transactions

AMHK maintains an approval process for brokers/counterparties that is aimed at obtaining the highest level of service. To be included on the “Approved Broker/Counterparty List”, brokers are selected based on several factors, but most importantly their ability to provide best execution for our clients. The “Approved Broker/Counterparty List” is reviewed regularly by senior management and an assessment of broker performance is jointly concluded by the investment, dealing and business support teams. To achieve best execution, the client’s total cost or proceeds for each transaction is executed in the most favourable manner under the circumstances taking into account internal execution policies / arrangements. Dealers may take into account a range of factors, including, but not limited to, price, cost of execution, speed and service, execution and payment probability, and size and nature of the order. Dealers will determine the best means of order execution based on experience, judgement and expertise, and the instructions from the portfolio manager. For each trade, the dealers select a broker from the “Approved Broker/Counterparty List”.

##### Investment Research and Other Soft Dollar Benefits

As a fiduciary, AMHK’s primary objective in broker selection is to comply with its duty to seek best execution of orders for clients. Subject to its best execution policy, AMHK uses a portion of the commissions generated when executing client transactions to acquire external research and brokerage services (“soft dollar benefits”) in a manner consistent with the “safe harbor” requirements of section 28(e) of the Securities Exchange Act of 1934. AMHK may utilize such commissions to purchase eligible brokerage and research services where those services provide lawful and appropriate assistance in fulfilling their investment management responsibilities. For accounts that are subject to the Markets in Financial Instruments Directive II (“MiFID II”), the costs associated with the purchase of external research is being directly paid by AMHK.

The types of research services that are acquired may, subject to applicable law, include: research reports analysing a company or stock, discussion with research analyst, oral reports on an issuer, corporate governance research, market data reports, company financial data, economic data, seminar and conferences.

##### Commission Sharing Arrangement

For accounts which are not in scope of MiFID, subject to best execution and applicable laws, AMHK makes payments for permissible soft dollar benefits either via portion of the commission paid to the executing broker, or through commission sharing arrangement (“CSA”). CSA effectively “unbundles” commission paid to brokers and enable AMHK to effect transactions through brokers who agree to allocate a portion of eligible commissions into a pool that can be used to pay for research expenses. The payment can be made to independent research providers

who are not a party to the transactions. AMHK may also allocated a portion of the CSA credits to the value that is assigns to the executing broker's proprietary research where the broker does not assign a hard dollar value of the research it provides. Client that does not participate in CSA will pay the same commission rate as the accounts participating in the CSA program. However, the full portion of their commission, including the research portion, will be received by the executing broker.

To avoid potential conflict of interest, where applicable, the selection of research provides is managed separately from the trading desks and AMHK's traders have no responsibility for administering the research program including payment for research.

## 2. Brokerage for Client Referrals

Not Applicable.

## 3. Directed Brokerage

AMHK may accept clients directing brokerage. However, in directed brokerage, we may be unable to obtain most favourable execution of the client's transactions. Directing brokerage may cost the client more money.

## **B. TRADE AGGREGATION**

AMHK may aggregate various clients' orders for efficient execution if the market conditions allow. Aggregation in general will reduce the execution cost. If we are not allowed to aggregated trades when it has the opportunities to do so, the client may pay higher brokerage costs.

## **Item 13: Review of Accounts**

### **A/B. PERIODIC REVIEW OF CLIENT ACCOUNTS**

The performance of clients portfolios would be reviewed and monitored on a regular basis. In addition, portfolio review meetings are conducted with clients on a regular basis, at least once a year. The portfolio reviews may be conducted with Client Directors, Client Service or the Investment Team.

### **C. CONTENT AND FREQUENCY OF ACCOUNT REPORTS**

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

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

### **A. CLIENT REFERRALS**

AMHK may engage affiliates and/or non-affiliates for client referrals. In successful referral cases where business is concluded, our remuneration will be an investment management fee received from the client based on a percentage of the assets we manage on behalf of the client.

## **Item 15: Custody**

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

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

## **Item 16: Investment Discretion**

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

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

## **Item 17: Voting Client Securities**

### **A. POLICIES AND PROCEDURES RELATING TO VOTING CLIENT SECURITIES**

AMHK shall generally cast/recommend FOR or AGAINST vote for a resolution for very substantial acquisition, major transaction, discloseable transaction, share transaction and connected transactions with the benefit of the clients in mind.

AMHK will generally vote proxies in accordance with our in-house market specialists' recommendations. The market specialists will make the recommendation based on the principles set out in the Voting Policy and Procedures. In the event a proxy proposal giving rise to a material conflict of interest, AMHK will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interest of the client or take some other appropriate action.

Clients may have specified different instructions and direct us through agreed procedures to vote regarding the clients' investments under our management.

Our clients may write to us for information on how their securities were voted.

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

## **Item 18: Financial Information**

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

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

## **Item 19: Requirements for State-Registered Advisers**

Not Applicable.