

Form ADV Part 2A

31 March 2023



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This brochure provides information about the qualifications and business practices of HSBC Global Asset Management (UK) Limited. If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer – Natasha Cork at +44 (0)20 7024 1024. 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 (UK) Limited is also available on the SEC's website at www.adviserinfo.sec.gov.

HSBC Global Asset Management (UK) Limited is an SEC registered Investment Adviser. Please note that SEC registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.



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Item 2. Material Changes

The HSBC Global Asset Management (UK) Limited (“AMEU”) Form ADV Part 2A (commonly referred to as the “Brochure”) dated March 31, 2023 describes the material changes made to the Brochure since the last update dated March 31, 2022.

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Item 4. Advisory Business

A. GENERAL DESCRIPTION OF ADVISORY FIRM

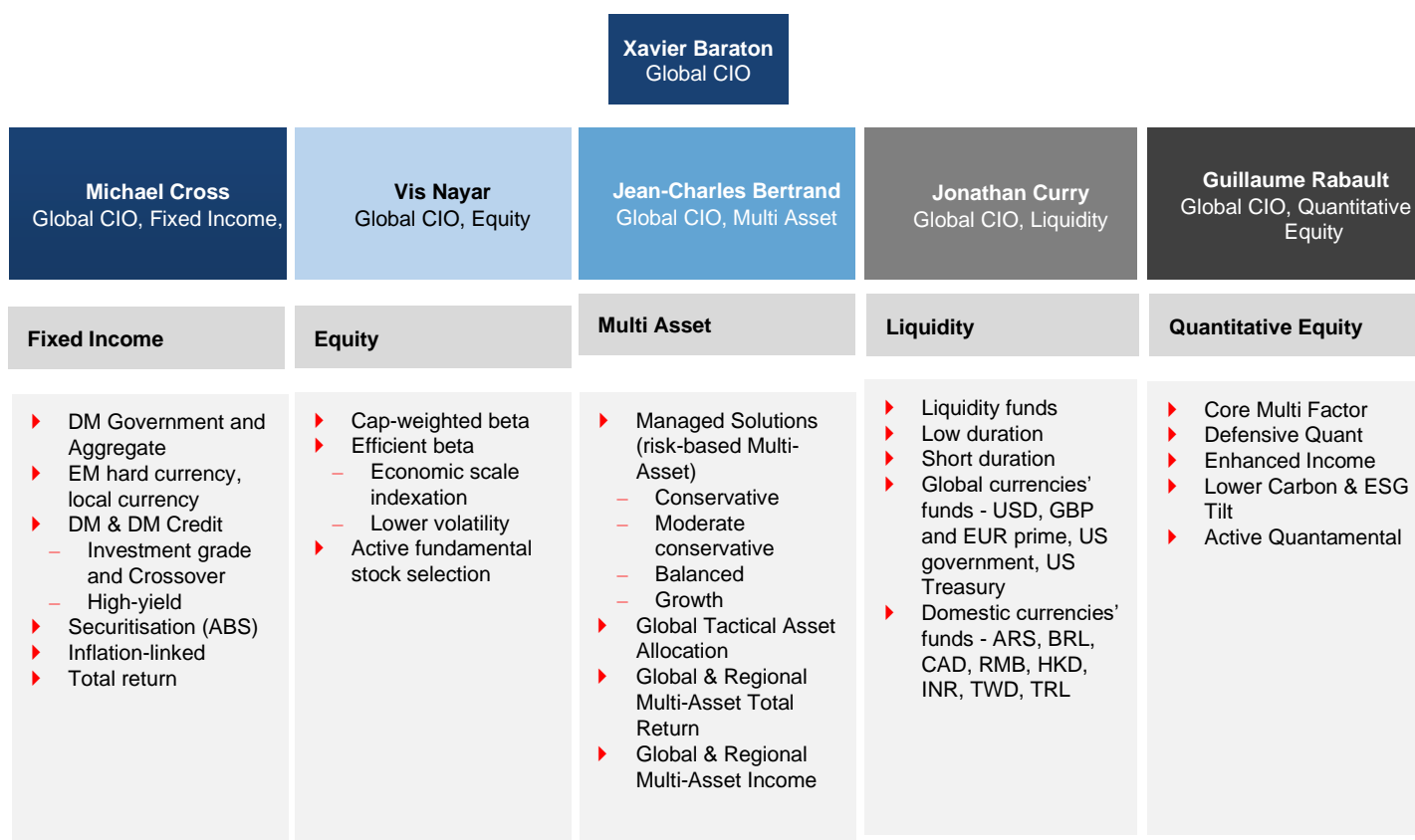
HSBC Global Asset Management (UK) Limited ("AMEU") is wholly owned by HSBC Global Asset Management Ltd ("AMGB"), and is indirectly owned by HSBC Holdings plc ("HSBC Group"). HSBC Group is a publicly owned corporation based in London, England and trades on various stock exchanges around the world. AMEU is registered with the SEC as an investment adviser pursuant to the Investment Advisers Act of 1940, as amended (the "Advisers Act"). AMEU is an entity within HSBC Asset Management ("HSBC AM"), which is made up of a group of companies in countries and territories throughout the world that are engaged in investment advisory and portfolio management activities. AMEU has been in business since May 31, 1985.

B. TYPES OF ADVISORY SERVICES

AMEU acts as a discretionary investment manager offering clients around the world a wide range of investment solutions across equity, fixed income, liquidity, multi-asset and alternative strategies. Our clients include HSBC Group retail and private banking customers, other group entities, financial intermediaries and distributors and institutions.

C. INVESTMENT STRATEGIES

AMEU offers clients a range of investment strategies across all the core capabilities: equity, fixed income, multi-asset and liquidity. The range of investment capabilities is represented in the following diagram:



Source: HSBC Asset Management. Chart for illustrative purposes only

Our global reach allows us to utilise world-class research and implement product strategies on a worldwide basis.

AMEU believes it is well placed to provide a globally-consistent, disciplined, investment process across our major capabilities, which draws on the local knowledge and expertise of teams of over 600 Investment professionals in 19 countries and territories. AMEU fully connects all its local investment teams to the global investment platform for each of our major capabilities.

AMEU constantly aims to evolve its business to meet the needs of its clients who seek to take advantage of these opportunities.

AMEU offers bespoke investment solutions. All segregated portfolios are subject to an Investment Management Agreement that may contain investment restrictions in accordance with client guidelines. Clients may impose in their segregated mandates restrictions on investing in certain securities or types of securities.

Pooled fund investment will be in accordance with the relevant fund Prospectus. As at 31 December 2022, HSBC Global Asset Management (UK) Limited managed USD119.2 billion.

D. AFFILIATE AND SUB-ADVISORY RELATIONSHIP

AMEU manages international and domestic accounts pursuant to sub-advisory agreements with affiliated entities. In these relationships, AMEU provides investment advisory services to clients who have signed an investment advisory agreement with another HSBC Group Company. Conversely, AMEU can delegate investment management responsibilities, through sub-advisory agreements, to affiliated companies. The primary client service relationship is generally maintained in the country where the client is located.

AMEU serves as an investment adviser or sub-adviser for several offshore funds. These offshore funds are not registered in the U.S. and are generally not offered for sale or sold in the U.S.

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

E. SEED CAPITAL

AMGB, the parent entity of AMEU, may from time to time invest capital in order for HSBC AM affiliates to launch new funds, thereby reducing the initial costs borne by investors when the funds are small as well as reducing the impact of transaction and other trading costs, while still providing access to the intended asset class with full diversification.

F. WRAP FEE PROGRAMS

AMEU does not participate in wrap fee programmes to US clients.

G. REGULATORY ASSETS UNDER MANAGEMENT

For the period ending December 31, 2022 AMEU's regulatory assets under management were USD119.2 billion, representing client assets managed on a discretionary and non-discretionary basis.

Item 5. Fees and Compensation

A. ADVISORY FEES AND COMPENSATION

AMEU typically charges an asset-based fee for its advisory services, meaning a fee based on the percentage of the value of assets under management. We provide customised fee-based investment management to institutions, private clients, pension funds, charities, etc. Fee scales are in place and are dependent on the investment vehicle and mandate size. Fees are subject to negotiation.

All fee arrangements for segregated institutional clients are discussed and agreed at an individual mandate level by the relevant Client Account Manager.

All fee arrangements are pre-agreed with clients and are part of the Investment Management Agreement (segregated) or Prospectus (pooled fund). Fees relating to the management of segregated portfolio are dependent on mandate size, the level of reporting/servicing required, etc.

Sub-Adviser Mandates - For sub-advisory accounts AMEU receives a portion of the investment management related fee. For mutual funds and other pooled investment vehicles that AMEU sub-advises, the mutual fund's adviser (not AMEU) typically provides administrative, marketing and shareholder services, including any necessary disclosures to shareholders.

B. BILLING METHOD AND FREQUENCY

Fees relating to the management of segregated portfolios are typically invoiced to the client on a monthly or quarterly basis as agreed with the client. Fees for pooled investment vehicles that contain US clients where AMEU acts as sub-adviser are invoiced on a quarterly basis.

C. OTHER FEES AND EXPENSES

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

- Brokerage Fees (see item 12: Brokerage practices)
- Custodian Fees
- Foreign exchange spreads
- Stamp duty
- Legal fees
- Profession services fees
- Certain regulatory and compliance expenses
- Regarding ETF investments, underlying investment adviser, custodian, Index, anti-dilution fees and administrator fees
- Short-term trading fees
- Switch fee
- Administrator fees
- Investment adviser fees
- Index fees
- Anti-dilution fees

AMEU does not act as custodian.

Item 6. Performance-Based Fees and Side-by-Side Management

AMEU offers clients a performance related fee option.

AMEU has entered into performance-based fees arrangements with some non-US clients. Performance-based fees are based on a share of capital gains or capital appreciation of the assets of a client. AMEU and its Supervised Persons face conflicts of interest in managing these accounts at the same time as those with an asset-based fee. This is due to an incentive to favor accounts in which AMEU and/or its Supervised Persons receive a performance based fee

In order to ensure that any potential conflict in the treatment of clients' accounts is managed in an appropriate way AMEU maintains strict procedures in relation to the manner in which dealing occurs on behalf of client accounts. AMEU manages portfolios on a strategy basis, with all decisions implemented across strategies on a pro-rata basis. In addition, AMEU adheres to all relevant legislation regarding conduct, in order to ensure that all clients are treated fairly regardless of their fee arrangement.

Item 7. Types of Clients

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

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

Segregated mandates require a minimum account size, which is dependent on the investment strategy. Minimum investment restrictions are also in place for our pooled fund vehicles, details of which are outlined in the relevant fund literature.

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

A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

AMEU can use the following methods of analysis in formulating investment advice or managing assets:

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

B. MATERIAL, SIGNIFICANT OR UNUSUAL RISKS RELATING TO INVESTMENT STRATEGIES

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

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

- ◆ **Concentration Risk:** When a portfolio concentrates its investments, such as in one industry or geographic area, it does not have the diversity of investment that is generally expected from diverse portfolio. This means that each stock within the portfolio may have a more significant effect on its performance.
- ◆ **Equity Risks - Smaller Company Risk:** Where portfolios hold investments in smaller companies it should be noted that by their nature these companies are generally new to the market and may therefore be subject to significant price movements. They may also be difficult for the portfolio manager to buy and sell.
- ◆ **International Investing Risk:** Investing in securities or issuers in international markets involves risks such as currency risk, risks of trading in foreign securities markets, and political and economic risks. Where overseas investments are held the rate of currency exchange may cause the value of such investments to go down as well as up.
- ◆ **Emerging Markets Risk:** Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets. In some countries, markets are described as 'emerging markets'. Some of these may involve a higher risk than where investment is within a more established market. These risks include the possibility of failed or delayed settlement, registration and custody of securities and the

level of investor protection offered. Emerging markets are generally, but not exclusively, those that are not within the United States, Canada, United Kingdom, Switzerland and members of the European Economic area, Japan, Australia and New Zealand.

- ◆ **Frontier Markets:** Investments in Frontier Markets are by their nature higher risk and potentially more volatile than those inherent in established markets. This fund invests predominantly in one geographic area; therefore, any decline in the economy of this area may affect the prices and value of the underlying assets.

Economies in Frontier Markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries in which they trade.

Brokerage commissions, custodial services and other costs relating to investment in Frontier Markets generally are more expensive than those relating to investment in more developed markets. Lack of adequate custodial systems in some markets may prevent investment in a given country or may require a sub-fund to accept greater custodial risks in order to invest, although the Custodian will endeavor to minimise such risks through the appointment of correspondents that are international, reputable and creditworthy financial institutions. In addition, such markets have different settlement and clearance procedures. In certain markets there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. The inability of a sub-fund to make intended securities purchases due to settlement problems could cause the sub-fund to miss attractive investment opportunities. Inability to dispose of a portfolio security caused by settlement problems could result either in losses to a sub-fund due to subsequent declines in value of the portfolio security or, if a sub-fund has entered into a contract to sell the security, could result in potential liability to the purchaser.

The risk also exists that an emergency situation may arise in one or more developing markets as a result of which trading of securities may cease or may be substantially curtailed and prices for a sub-fund's securities in such markets may not be readily available.

Investors should note that changes in the political climate in Frontier Markets may result in significant shifts in the attitude to the taxation of foreign investors. Such changes may result in changes to legislation, the interpretation of legislation, or the granting of foreign investors the benefit of tax exemptions or international tax treaties. The effect of such changes can be retrospective and can (if they occur) have an adverse impact on the investment return of shareholders in any sub-fund so affected.

- ◆ **Liquidity Restriction Risk:** A portfolio could be exposed to the risk that a particular investment or position cannot be easily unwound or offset due to insufficient market depth or market disruption. This can affect the ability of an investor to request the redemption of his investment from that portfolio, and can also have an impact on the value of the portfolio. Although the portfolios will invest mainly in liquid securities in which the investors are entitled to request the redemption of their investment within a reasonable timeframe, there may be exceptional circumstances in which the liquidity of such securities cannot be guaranteed. Absence of liquidity may have a determined impact on the sub-fund and the value of its investments.
- ◆ **Counterparty Risk:** The possibility that the counterparty to a transaction may be unwilling or unable to meet its obligations.
- ◆ **Operational Risk:** Operational risks may subject the Fund to errors affecting transactions, valuation, accounting, and financial reporting, among other things.
- ◆ **Style Risk:** As different investment styles typically go in and out of favor depending on market conditions and investor sentiment.
- ◆ **Investment Leverage Risk:** Investment Leverage occurs when the economic exposure is greater than the amount invested, such as when derivatives are used. A Fund that employs leverage may experience greater gains and/or losses due to the amplification effect from a movement in the price of the reference source

- ◆ **Foreign Market Risk:** Investing in foreign markets can present additional risk because foreign countries often have different accounting and financial reporting standards, political and legal systems, securities and stock exchange practices, and cultures and customs from those in Canada. Investments in a foreign market may also be subject to exchange control requirements, imposition of various taxes, withholding taxes prior to payment of dividends or other distributions, and expropriation of assets. The ability of a Fund to make distributions to investors assumes the continuing free exchange of the currencies in which the Fund is invested. As a result, the value of securities that are issued by a company in a foreign market may be lower, as they may be less liquid and more volatile than those issued by similar companies in North America. In general, investments in more developed markets, such as the U.S. and Western Europe, have lower foreign market risk, while investments in emerging markets, such as Southeast Asia or Latin America, have higher foreign market risk.
- ◆ **Large redemption risk:** An investor, group of investors or another mutual fund may hold a large portion of the outstanding units of a Fund. If an investor, group of investors or another mutual fund redeems units representing a large portion of the outstanding units of a Fund, generally representing 10% or more of the net asset value of the Fund, the Fund may be required to change the composition of the portfolio significantly or sell a significant portion of its investments at unfavorable prices, which could affect the overall performance of the Fund.
- ◆ **Market Risk:** Funds that invest in securities listed on a stock exchange will be affected by general changes in the stock market. This is referred to as market risk. Stock market changes can be caused by a number of factors, including interest-rate fluctuations, changes in market outlook and changes in the economic, social or political climate of the region. For example, if a recession is forecasted, the stock market may fall as investors fear poor economic performance and falling stock prices. As investors sell their securities in an effort to minimize their losses, securities of a company listed on an exchange may be negatively affected by the overall downward movement of the market, even if the company that issued the securities is still strong.
- ◆ **Multiple series unit risk:** The Mutual Funds have authorized multiple series of units. Each series of units will be charged any expenses that are specifically attributable to that series. The expenses will be deducted in calculating the unit price only for that series of units, and will reduce the value of a Mutual Fund's assets that are attributable to that series. However, the expenses will continue to be liabilities of the Mutual Fund as a whole and if there are insufficient assets attributable to the series to pay the expenses, the remaining assets of a Mutual Fund would be used to pay the excess expenses. In these circumstances, the unit prices of the other series would decline by their proportionate share of the excess expenses. Please refer to the sections called "Purchases, switches and redemptions" and "Fees and expenses" for a further explanation of each series and the fees applicable to them.
- ◆ **Security Risk:** When a Fund invests in a company, factors specifically regarding that company may affect the value of the Fund's investment. This is referred to as security risk. Company specific factors include how it is managed, the products it sells and its financial health. If the company performs poorly in one or more of these areas, the value of its shares may decrease. Security risk is one reason that the value of a company's shares may fall despite a rising market.
- ◆ **Tax loss restriction event risk:** If a Fund experiences a "loss restriction event": (i) the Fund will be deemed to have a year-end for tax purposes, and (ii) the Fund will become subject to the loss restriction rules generally applicable to corporations that experience an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on their ability to carry forward losses. A Fund will be subject to a loss restriction event when a person becomes a "majority-interest beneficiary" of the Fund, or a group of persons becomes a "majority-interest group of beneficiaries" of the Fund, as those terms are defined in the affiliated person's rules contained in the Tax Act, with appropriate modifications. Generally, a majority-interest beneficiary of a Fund will be a beneficiary who, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, has a beneficial interest in the Fund that has a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, respectively, in the Fund. Generally, a person is deemed not to become a majority-interest beneficiary, and a group of persons is deemed not to become a majority-interest group of beneficiaries, of a Fund if the Fund meets certain investment requirements and

qualifies as an “investment fund” as defined in the Tax Act. The Funds are generally expected to meet these requirements and qualify as investment funds pursuant to these rules.

- ◆ **Currency Risk:** Funds that hold investments in foreign securities are subject to currency risk as they may be required to pay for these securities using foreign currency and receive foreign currency when they sell them. Certain funds may also purchase foreign currencies as investments. Currency risk applies to any Fund that has foreign investments in its portfolio, to the extent that this exposure is not directly hedged by foreign exchange contracts. Using the Canadian dollar as an example, changes in the currency exchange rates between Canada and the country where a Fund holds an investment affect the Canadian dollar value of that investment because it must be bought and sold with a foreign currency. When the value of the Canadian dollar falls in relation to foreign currencies, the Canadian dollar value of foreign securities will rise because selling them will bring investors a higher amount in Canadian dollars. Conversely, when the value of the Canadian dollar rises, the Canadian dollar value of foreign securities falls because their sale would earn fewer Canadian dollars.

Additionally, while we have vendor oversight policies and procedures in place we cannot control the cyber security plans and systems of third-party service providers whose operations may affect the Funds or their investors. As a result, the Funds and their investors could be negatively affected.

- ◆ **Derivatives Risk:** A derivative is usually a contract between two parties to buy or sell an asset at a future date. The value of the contract is derived from the market price or value of the underlying asset, such as currency or stocks, or an economic indicator, such as stock market indices or interest rates. Derivatives may be used for hedging and non-hedging purposes. To hedge is to reduce the risk of an existing investment by fixing some or all aspects of the price of that investment at some point in the future. Hedging through the use of derivatives may help reduce the risks associated with other investments, including currency value fluctuations, stock market risks and interest rate changes. However, there can be no assurance that a Fund’s hedging strategies will be effective. Hedging against changes in currencies, stock markets or interest rates does not necessarily eliminate all fluctuations in the price of portfolio securities or prevent losses if the price of those securities declines. Hedging may also reduce the opportunity for gain if the value in the Fund’s reporting currency of the hedged currency or stock market should rise or if the hedged interest rate should fall. It may not be possible for a Fund to protect its investments against generally anticipated changes in currencies, stock markets or interest rates through the use of derivatives.

The use of derivatives for hedging or non-hedging purposes is subject to risks, including:

- The other party to a derivative contract may not meet its obligations;
 - A Fund may not be able to buy or sell a derivative to make a profit or cover a loss; and derivatives traded on foreign markets may be less liquid than derivatives traded on North American markets.
 - Derivatives will be used in a way that is consistent with each Fund’s investment objectives and as permitted by the Canadian securities regulatory authorities.
- ◆ **Cyber Security Risk:** With the increased use of technology such as the Internet to conduct business, AMEU is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Criminals use cyber vulnerability to perpetrate crimes at an increasing rate, which poses a significant threat to economic, social and geopolitical stability for private firms and countries. AMEU faces sophisticated cyber threats from state-sponsored attackers, hackers for hire, organized cyber syndicates, and others seeking our critical corporate and customer information. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users).

Our businesses depend on our ability to process a large number of complex transactions, most of which involve networked computer systems. If any of these systems and management controls fail, or are subject to a cyberattack

that could compromise the integrity, availability or confidentiality of our systems or data, we could be materially adversely affected.

Cyber security failures or breaches by an adviser, sub-adviser(s) and other service providers (including, but not limited to, accountants, custodians, transfer agents and administrators), and the issuers of securities in which AMEU invests, have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with an adviser's ability to calculate its net asset value, impediments to trading, the inability of shareholders to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future.

AMEU relies on cybersecurity risk controls that are managed enterprise wide for HSBC in order to ensure that threats are identified and mitigated properly. While HSBC has established business continuity plans in the event of, and risk management systems to prevent, such cyber-attacks, there are inherent limitations in such plans and systems. HSBC and their investors could be negatively impacted as a result.

- ◆ **Sustainability Investing Risk:** The incorporation by AMEU of Sustainability criteria, ESG scores, sector specific and other screens, into its investment process may cause clients of AMEU to forgo other available investment opportunities with other investment advisers that do not use these criteria. In addition, the use of such criteria may cause AMEU to increase or decrease clients' exposure to certain sectors, regions or countries or certain types of issuers in a manner that could adversely impact investment performance. This use of Sustainability criteria could cause a client account to underperform as compared to accounts of other investment advisers that do not consider Sustainability criteria in their investment process. In evaluating an issuer or guarantor, AMEU depends on information and data from third party research and data providers that may be incomplete, inaccurate or unavailable, which could adversely impact AMEU's analysis of Sustainability criteria relevant to a particular issuer or guarantor. Moreover, AMEU's evaluation of Sustainability criteria may vary from that of other investment advisers because there are no globally accepted standards for Sustainability disclosure or evaluation.

Investing on the basis of Sustainability criteria is qualitative and subjective by nature and there can be no assurances that the process and criteria AMEU uses will reflect how any particular investor views Sustainability investing. There is also a risk that AMEU may not apply the relevant Sustainability criteria correctly. AMEU does not make any representation or warranty as to the propriety, accuracy, reasonableness or completeness of its Sustainability assessment. Investors that have specific opinions on Sustainability criteria, for example, based on political, social or moral beliefs are strongly encouraged to review and consider (i) the relevant guidelines and written and verbal disclosures provided by AMEU prior to investment, and (ii) their portfolio holdings on a regular basis during the course of their investment to determine that their portfolio of securities will be and remains suitable for them in light of such investors' Sustainability opinions. AMEU will not consider whether a portfolio is suitable in light of any third-party Sustainability guidelines, policies or considerations that could apply to an investor other than as required by applicable law.

While AMEU can drive a minimum Sustainability criteria for potential portfolio companies, there is a lack of relevant, comparable, reliable and publicly available data on companies in a number of areas and this hinders a comprehensive and accurate assessment of such factors. The assessment of Sustainability factors is therefore dynamic and will change over time as the data sources develop. AMEU's assessment of an issuer or guarantor may change over time, which could cause a portfolio to hold securities that no longer meet a minimum Sustainability criteria. Some accounts (such as regulated funds) are subject to regulations, and other accounts have investment guidelines related to credit quality, liquidity or yield. These regulations and guidelines at times will limit AMEU's ability to implement its investment recommendations arising from its Sustainability process.

Item 9. Disciplinary Information

There have been no legal or disciplinary events that are material to a client's or prospective client's evaluation of AMEU's advisory business or the integrity of its management persons.

Item 10. Other Financial Industry Activities and Affiliations

A. BROKER-DEALER REGISTRATION STATUS

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

B. COMMODITIES REGISTRATIONS STATUS AMEU

AMEU (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. AMEU including its management persons) does not have an application pending to register.

C. MATERIAL RELATIONSHIPS OR ARRANGEMENTS

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

AMEU provides investment advisory services to other pooled investment vehicles sponsored by other HSBC Group Companies.

As a member of the HSBC Group, AMEU has implemented procedures and arrangements which recognise and manage actual or potential conflicts of interest. The organisational and administrative arrangements are designed with the objective to safeguard the interests of clients. Furthermore, physical and electronic information barriers have been implemented to restrict the flow of confidential information.

D. RECOMMEND OR SELECT OTHER INVESTMENT ADVISERS

AMEU does not recommend or select other investment advisers for its clients for which it receives compensation directly or indirectly from those advisers.

E. CONFLICTS OF INTEREST

HSBC Asset Management ("HSBC") and any associated company ("HSBC Group Company") may effect transactions in which HSBC or the HSBC Group Company or another client of HSBC or an HSBC Group Company has, directly or indirectly, a material interest or a relationship of any description with another party which involves or may involve a potential conflict with HSBC's duty to the customer. HSBC will ensure that such transactions are effected on terms which are not materially less favourable to the customer than if the conflict or potential conflict had not existed. Conflicts, if any, which HSBC is not able to manage effectively, will be disclosed to the customer.

Examples of conflicts of interest may arise include:

- (i) HSBC or an HSBC Group Company undertakes regulated activities for other customers;
- (ii) a director or employee of HSBC or an HSBC Group Company, is a director of, holds or deals in securities of, or is otherwise interested in any company whose securities are held or dealt in on behalf of the customer;
- (iii) a transaction is effected in securities issued by an HSBC Group Company or the customer of an HSBC Group Company;
- (iv) a transaction is effected in securities in respect of which HSBC or an HSBC Group Company may benefit from a commission, fee, mark-up or mark-down payable otherwise than by the customer, and/or HSBC or an HSBC Group Company may also be remunerated by the counterparty to any such transaction;
- (v) HSBC deals on behalf of the customer with, or in the securities of, HSBC or an HSBC Group Company;

- (vi) HSBC may act as agent for the customer in relation to transactions in which it is also acting as agent for the account of other customers and/or HSBC Group Companies;
- (vii) HSBC may, acting as principal, sell to or purchase currency from the customer and may, in exceptional circumstances, deal in securities as principal with the customer;
- (viii) a transaction is effected in units or shares of any company and/or fund of which HSBC or an HSBC Group Company is the manager, operator, banker, adviser, custodian or trustee;
- (ix) HSBC may effect transactions involving placings and/or new issues with an HSBC Group Company which may be acting as principal or receiving agent's commission;
- (x) a transaction is effected in securities of a company for which HSBC or an HSBC Group Company has underwritten, or managed or arranged an issue or offer for sale, within the previous 12 months;
- (xi) HSBC or an HSBC Group Company may receive remuneration or other benefits by reason of acting in corporate finance or similar transactions involving a company whose securities are held by the customer; or
- (xii) a transaction is effected in securities in respect of which HSBC or an HSBC Group Company, or a director or employee of HSBC or an HSBC Group Company, is contemporaneously trading or has traded on its own account or has either a long or short position.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. CODE OF ETHICS AND PERSONAL TRADING

HSBC Group has established procedures which apply to all operating units worldwide. AMEU has adopted a Code of Ethics in accordance with SEC rule 204A-1 in areas including conflict of interests, protection of material non-public information, personal account dealing and reporting, outside business activities, gifts and entertainment, sanctions, violation, administration of the Code. AMEU has also adopted the Global Personal Account Dealing Policy.

The Code of Ethics and is applicable to AMEU Access Persons and is based on the principle that aforementioned individuals have a fiduciary duty to place the interests of clients first and to conduct all personal securities transaction in accordance with the requirements of the Code of Ethics, in compliance with federal securities laws, and in a manner that avoids actual or potential conflicts of interest and does not otherwise take inappropriate advantage of a client relationship or abuse a position of trust and responsibility in respect of a client.

All AMEU Access Persons and their immediate family members (defined in the Code of Ethics) are required to pre-clear for all securities, except for those exempted from preclearance by the Global Personal Account Dealing Policy. Other requirements include, disclosure of relevant brokerage accounts, a minimum investment holding period and prohibited transactions (e.g., speculative trading activity). Access Persons wishing to enter into a discretionary or a non-discretionary investment management agreement with an investment manager must declare their intentions to AMEU.

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

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

For client accounts, AMEU may purchase or sell securities in which it, or Related Persons, has a financial interest. AMEU may cause its clients to participate in transactions in related securities, in transactions where securities are underwritten by a related person and in transactions where related persons act as principle. These trades present the potential for conflicts of interest. On a quarterly basis AMEU will inform US clients of any incidences of the aforementioned activity.

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

AMEU staff who are "access persons" and their immediate family shall not trade for their personal accounts in securities or related securities where AMEU has an open-order. However, for FTSE 100 companies an exemption from this process is applied. Trading ahead of a client or side by side presents a conflict because there is a potential for personal gain at the expense of the client.

D. CONTROL OF NON-PUBLIC INFORMATION / CONFLICTS MITIGATION

The HSBC Group is a global organisation which provides a wide range of financial services. As such, it, or a company with whom it has an association ("HSBC"), may from time to time have interests which conflict with its clients' interests or with the duties that it owes to its clients. These include conflicts arising between the interests of HSBC Group, its associates and employees on the one hand and the interests of its clients on the other and also conflicts between clients themselves.

HSBC has established procedures which are designed to identify and manage such conflicts. These include organisational and administrative arrangements to safeguard the interests of clients. A key element of this policy is that persons engaged in different business activities involving a conflict of interest must carry on those activities independently of one another.

Where necessary, HSBC maintains arrangements which restrict the flow of information to certain employees in order to protect its clients' interests and to prevent improper access to client information.

HSBC AM has procedures in place for ongoing management of actual or potential conflicts. This is done through a combination of procedures, including detailed organisational and administrative arrangements. These include procedures which restrict the flow of information, particularly that which is price sensitive or confidential, in order to protect its clients' interest and to prevent improper access to client information. The policy requires HSBC to maintain, where necessary, arrangements which restrict the flow of information to certain employees to protect its clients' interests and to prevent improper access to client information. These procedures include restrictions on access to areas where sensitive information may be produced and clear desk policies and are regularly reviewed to ensure that they remain effective and relevant to each business area.

Certain business areas within HSBC AM, particularly those where price sensitive information is held, have been grouped together behind an information barrier (known as a "Chinese Wall"). Arrangements have been made between the various group companies 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. When price sensitive information is known the individual staff members are made "insiders" and their names are placed on an "insiders' list". Where HSBC AM holds price sensitive information any relevant issuers are placed on a prohibited list. AMEU placed the highest priority on providing the best quality service to meet a client's long-term business interests. AMEU Compliance and Risk Management teams are also mandated to ensure the internal controls are implemented and enforced, and the interests of our clients are properly and effectively managed at all times.

The conflicts policy sets out all the conflicts that have been identified within the business, and what procedures and controls are in place to manage the conflict.

Any conflicts arising outside of those identified in the policy are recorded on the conflicts register. This is a confidential register that is maintained by compliance, which details past and present conflicts and how the specific circumstances have been dealt with.

E. OTHER CONFLICTS OF INTEREST – ALLOCATION OF INVESTMENTS'

Trades are allocated automatically on a pro-rate basis via the order management system (Bloomberg AIM). Where it is not possible to allocate an order using the automated process in the order management system, for example when an IPO allocation is scaled back and the allocated amount is below a minimum order size, the trading desk will consult with Compliance to ensure fair and equitable treatment.

Item 12. Brokerage Practices

A. BROKER-DEALER SELECTION

Part of our fiduciary responsibility as an investment manager is to seek the best price and execution of client security transactions. Transaction cost is minimised by executing with counterparties who are predetermined by AMEU to be most likely to provide the best outcome.

Since bond and currency trades are net of commission, executing all trades on a competitive basis is the optimal way to minimise trading costs. Our goal is to pay a fair commission rate relative to the amount of business we generate while not being so low as to jeopardise our quality of execution or liquidity.

AMEU maintains a selection process for brokers/counterparties, which is aimed at obtaining the highest level of quality service. To be included in the “Approved Brokers List”, brokers are selected based on the following criteria: sales support, efficiency and reliability of execution, efficiency and reliability of settlement and counterparty risk.

The “Approved Brokers List” is reviewed regularly by senior management. Assessment of broker performance is provided by the dealing function investment team. Dealers strictly use the “Approved Brokers List”.

Trading transaction costs are managed and reviewed on an on-going basis. AMEU uses in-house and third-party platforms to monitor commission paid and monitor broker rankings. In addition, there are regular broker reviews that rate all brokers on a quantitative and qualitative set of criteria.

B. RESEARCH AND OTHER SOFT DOLLAR ARRANGEMENTS

AMEU does not maintain soft dollars’ arrangements, directed trade or recapture programmes with broker-dealers.

AMEU pays for all third party research from its own resources.

C. AGGREGATION OF TRADES

AMEU has policies and procedures with respect to the fair and equitable allocation of trade orders and investment opportunities among clients. When executing trades AMEU generally seeks to aggregate client orders for the same security/side into a single trade, or “block order”, when AMEU believes that doing so will improve trade execution. Each client who participates in a block order will be allocated their portion of the trade when it is completed. Block order trading may improve trade execution in terms of one or more of the following: enabling volume discounts on brokerage commissions or costs; improving execution speed, efficiency, anonymity, and liquidity of trades; and/or, increasing a portfolio manager’s ability to respond to price fluctuations during trading.

D. BEST EXECUTION AND EXECUTION ORDER MANAGEMENT AND PARALLEL POLICY

Through AMEU’s relationship with our parent company, HSBC Holdings plc, we are affiliated with a variety of entities that provide banking and financial services, including broker-dealers. The firm’s best execution standards apply to both affiliated and external broker-dealers. Best execution policies and procedures are established and serve to manage internal conflicts of interest. Consequently, we will transact with affiliated broker-dealers to the extent permissible, unless prohibited by applicable law or the investment management agreement/ contract, where doing so is consistent with our duty to seek best execution.

Where our ability to transact for some clients through affiliated brokers is limited but the use of the affiliated broker is otherwise consistent with our duty to seek best execution, AMEU will use the execution order management and parallel policy designed to promote fair and equitable treatment of all participating clients, by placing simultaneously on the market the orders with both selected counterparties. In limited circumstances AMEU may have a client relationship which allows direct brokerage. However, in directed brokerage, we might be unable to obtain most favourable execution of the client’s transactions and execution will proceed on the client’s understanding of this. In

other circumstances, our choice of dealing counterparty is agnostic, and is dependent on the ability of the broker to provide the execution factors we deem relevant, of which price is ordinarily the primary consideration

Item 13. Review of Accounts

Each (segregated) client is appointed a dedicated client director. Client accounts are reviewed with clients throughout the year (the requirements for which may form part of the Investment Management Agreement). These frequencies are subject to client requirements.

In addition, AMEU client service representatives are available for questions and queries through the life cycle of the mandate. The portfolio management team is also available for conference calls to discuss performance, attribution, trading activities, and market events.

A. FACTORS TRIGGERING A REVIEW

Client accounts are reviewed on an on-going basis during the life cycle of the mandate, however, there are events that may trigger a review, e.g. poor performance, market event, departure of a senior portfolio manager.

AMEU and are committed to keeping clients abreast of all material information or changes concerning the firm and their portfolio.

B. CLIENT REPORTS

For institutional segregated mandates we provide regular reporting (monthly, quarterly and annual) as agreed with the client. Reporting typically includes portfolio holdings, total holdings valuation, performance, attribution and commentary. Our reports are not intended to replace a client's custodial account statements as the official records. Clients can use our reporting as a secondary check to their custodian statements.

When AMEU acts as sub advisor for pooled funds containing US clients AMEU will provide the advisor with details of Purchase(s) of securities underwritten by a related party, Principal Trading in Equity Securities and Listed Derivatives, Investments in Related Parties.

Item 14. Client Referrals and Other Compensation

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

AMEU engages third parties for client referrals. Compensation is paid to these third parties via a periodic retainer and a success fee. No monies are paid in relation to referrals of US clients.

Item 15.Custody

AMEU does not have custody of US clients' assets.

Item 16. Investment Discretion

The majority of assets managed by AMEU is through discretionary managed portfolios. Where AMEU receives discretionary authority from the client or pooled fund, such discretion is to be exercised in a manner consistent with the stated investment objectives and guidelines for the particular client account or pooled fund. All segregated discretionary mandates will be the subject of a client-specific Investment Management Agreement. All pooled fund investments will be subject to the fund Prospectus.

Item 17.Voting Client Securities

Clients who do not grant proxy voting authority to AMEU will generally receive proxies or other solicitations from the client's custodian or administrator.

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

The proxy voting policies and procedures require that AMEU identify and address conflicts of interest between AMEU and its clients. If a material conflict of interest exists, AMEU 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. AMEU shall cast ballots in a manner it believes to be consistent with the interests of its client and shall not subordinate client interests to its own.

Our clients may request a copy of our proxy voting policies and information about how their proxies were voted. Please send the request to: The Chief Compliance Officer, HSBC Global Asset Management (UK) Limited, L28, 8 Canada Square, London, E14 5HQ.

Item 18. Financial Information

AMEU does not require or solicit prepayment of fees per client in advance. AMEU is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients, nor has it been the subject of a bankruptcy petition at any time during the past ten years.