HSBC Global Sustainable Long Term Equity

September 2024

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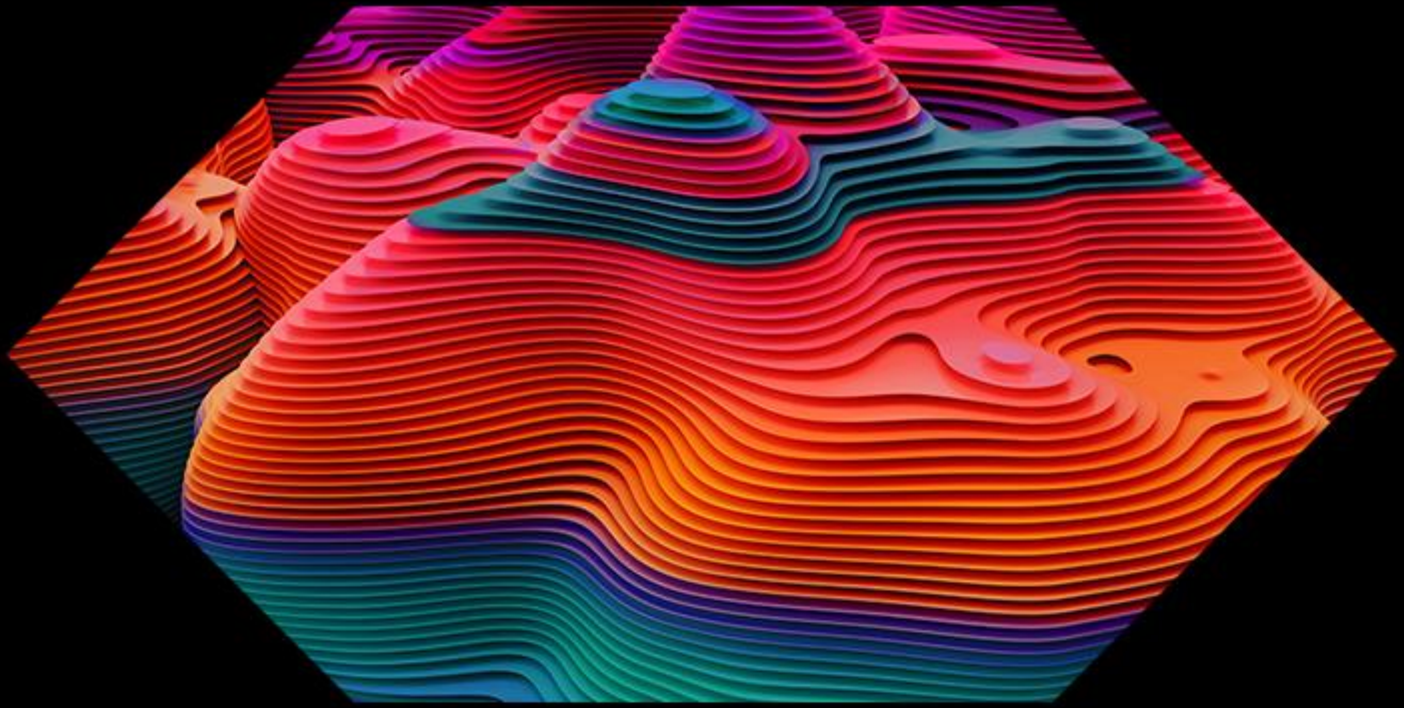
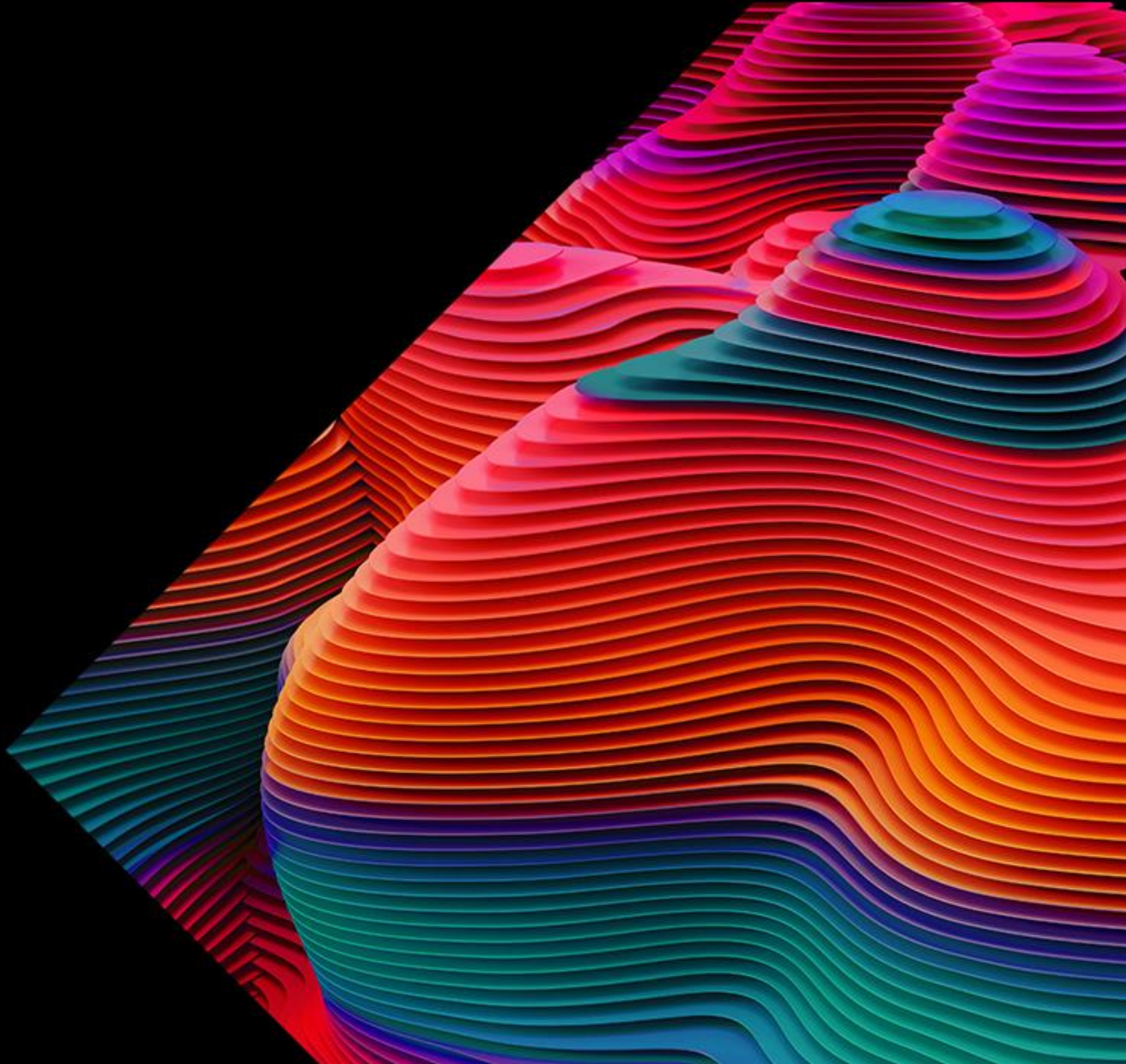
Article [1]



[1] SFDR : Sustainable Finance Disclosure Regulation
Article 9 SFDR : the product has a sustainability objective.

HSBC Asset Management | Opening up a world of opportunity

An introduction to HSBC Asset Management



A global network of local experts

Investment professionals working across key locations

Presence in
20+ locations

670 investment professionals

61 Americas

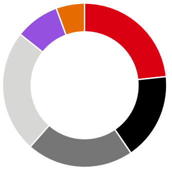
417 EMEA

192 Asia-Pacific[1]

● HSBC Asset Management offices - Countries and territories where our investment teams sit are in bold

USD712bn under management

AuM by asset class (USD bn)



- Fixed Income (166)
- Equity (122)
- Multi-Asset (150)
- Liquidity (172)
- Alternatives (62)*
- Other (40)**

AuM by region (USD bn)

- Americas (84)
- EMEA (403)
- Asia Pacific (225)

AuM by client type (USD bn)

- Wholesale (279)
- Institutional (423)
- Other*** (11)

1. Asia-Pacific includes employees and assets of Hang Seng Bank, in which HSBC has a majority holding.
2. HSBC Jintrust Fund Management company is a joint venture between HSBC Asset Management and Shanxi Trust Corporation Limited.

*Alternatives assets excludes USD 5.1bn from committed capital ("dry powder") as well as advisory and oversight assets.
**Other in asset class refers to HASE (USD40bn as at Q1'24).
***Other in client type refers to asset distributed by Hang Seng Bank

Source: HSBC Asset Management as at 31 March 2024. Assets under management are presented on a distributed (AUD) basis. Any differences are due to rounding.

Active equity solutions

3 key areas of focus

GEM & Asia

- Asia ex Japan
- Global Emerging Markets
- Greater China
- China A
- Asia ex Japan Higher Dividend
- Asia ex Japan Smaller Cos
- India
- Hong Kong
- ASEAN
- Frontier Markets
- Latin America
- Brazil/ Mexico
- Turkey

Thematic

- Evolving Asia
- European Green Transition
- Global Circular Economy
- Global Climate Change
- Global Sustainable Healthcare
- Global Metaverse
- Global IPO Opportunity

Specialised Developed

- Global Sustainable Long Term Equity
- Global Sustainable Long Term Dividend
- International Long Term Equity
- Euroland Value
- Euroland Growth
- Euroland Smaller Cos
- USA

Sustainability

- Sustainability sits at the heart of our research of every stock and how we construct our portfolios
- Our responsible investment team sits across our investment business driving consistency of applications and standards
- Engagement and stewardship are critical to Active ownership

Centralised research

- Central team of analysts based across Asia & Europe and covering over 500 stocks
- Consistent methodology for stock research, ESG analysis for portfolio management teams to access
- Regular Research review

Global Resources

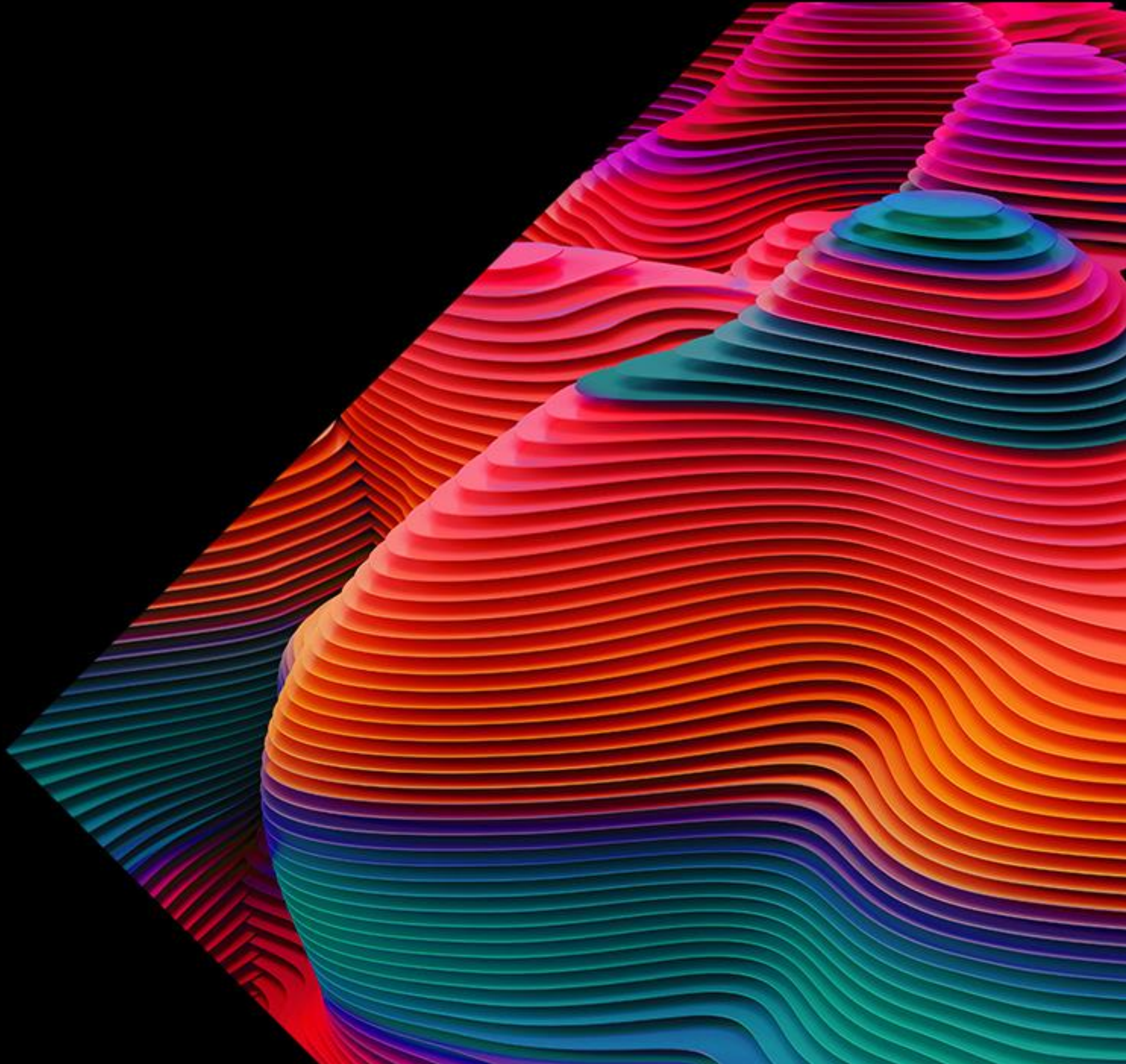
- Macro Economic and strategy team
- Cross asset class engagement – e.g. Fixed Income
- Virtual Sector Teams

Local Insights

- Research in emerging and developed economies
- Asset management in China, Taiwan & India

Source: HSBC Asset Management , September 2024. Representative overview of the investment process, which may differ by product, client mandate or market conditions.

Investment philosophy



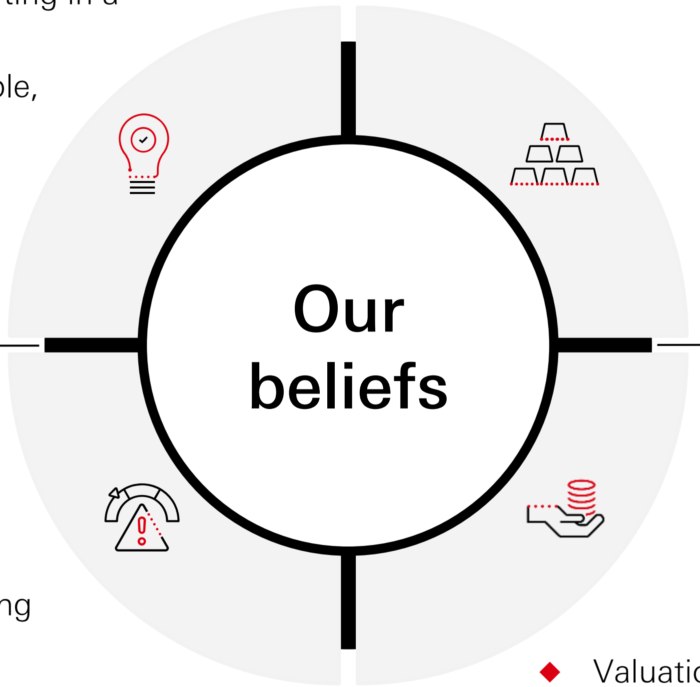
Investment philosophy

10/10 Approach

- 10yr forecasting – 10yr intended holding period
- Equity market participants are demonstrably short-termist resulting in a source of alpha for the long-term investor
- Required 10yr forecasts mean only the most resilient, predictable, long-lived companies are considered as potential investments within the portfolio.

Fundamentally Driven

- Fundamental idea generation
- Fundamental company analysis
- Portfolio construction, through fundamental risk analysis



Sustainability

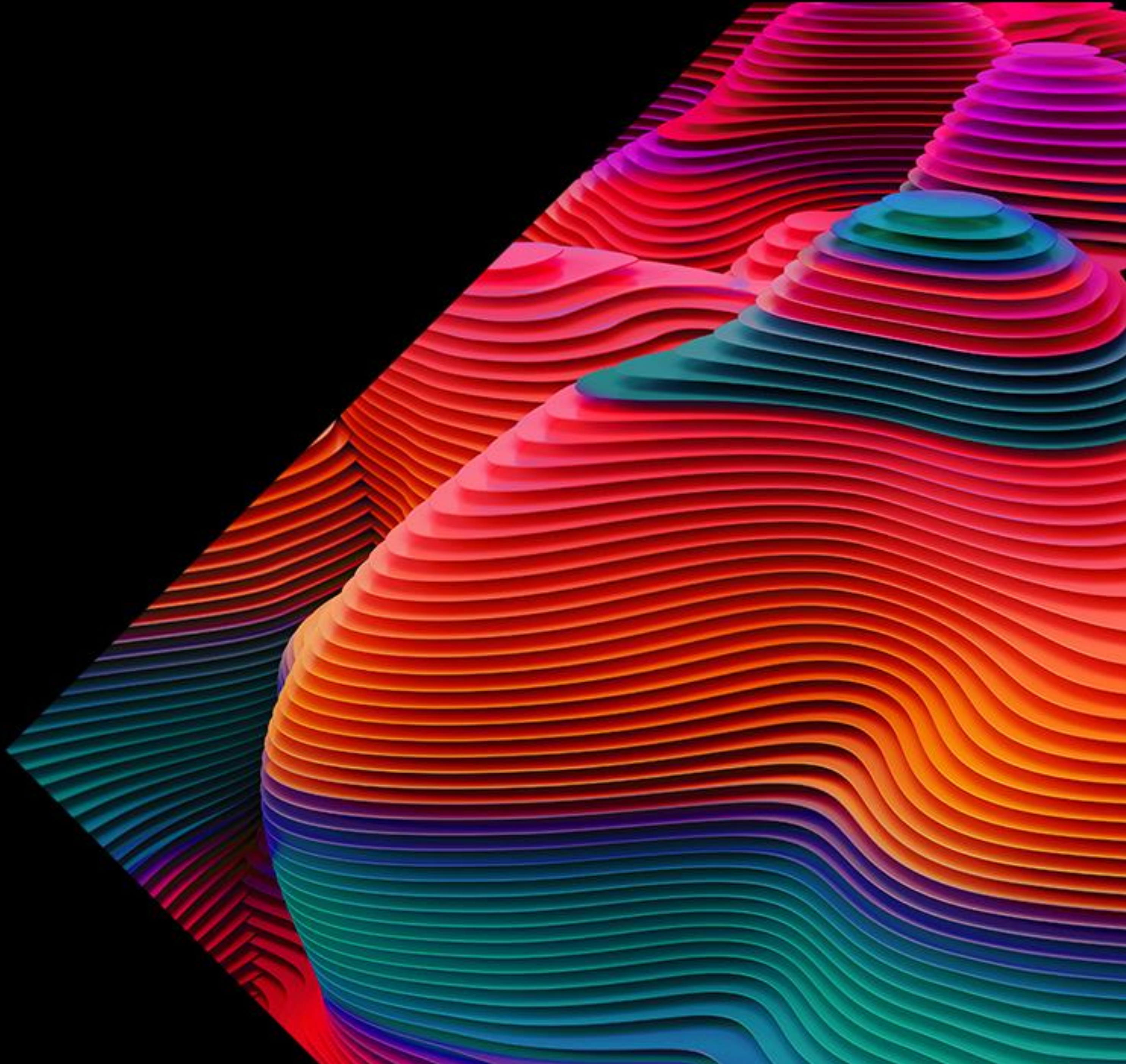
- Long-termism is synonymous with both resilience and sustainability
- UN SDGs should be considered in the context of forward-looking long-termism
- Sustainability scenarios are a crucial input in fundamental company stress tests and valuation analysis

Credit Aware

- By making credit-driven amendments to financial statements we can better understand the economic reality of the business
- Research process driven by stress tests and scenarios
- Valuation techniques drawing upon fixed income principles accurately value long lived companies

Source: HSBC Asset Management - February 2024. Representative overview of the investment process, which may differ by product, client mandate or market conditions. The commentary and analysis presented in this document reflect the opinion of HSBC Asset Management on the markets, according to the information available to date. They do not constitute any kind of commitment from HSBC Asset Management. Consequently, HSBC Asset Management will not be held responsible for any investment or disinvestment decision taken on the basis of the commentary and/or analysis in this document.

Investment process



Investment process overview

1 Idea Sourcing

- More than a decade of proprietary in-depth knowledge built up by PM team
- Bottom-up sourcing – e.g. tracking management careers, trade journals, spin-outs etc
- Typically, 5 new companies added to universe each year

2 Sustainability & Company Analysis

- Sustainability of:
  - Practices
  - Business model
  - Product
- Must score top rating across majority of criteria
- "Improving" score in a category leads to additional stress tests
- The above incorporates the assessment of resiliency, repeatability, and adaptability.

3 Stress Testing

- We evaluate cash flows, balance sheet and valuations under several fundamental and macroeconomic scenarios

Long Term Equity Buy-list

- c.165 names
- A curated list of companies that exhibit:
  - Resiliency
  - Repeatability
  - Adaptability
  - Sustainability

4 Credit Aware Valuation

- Fixed income principles embedded in valuation techniques
  - Reduced DCF
  - EV/FCF
  - EV/IC = ROIC/WACC
- 10/10 approach
  - 10y horizon
  - 10y intended holding period
- Valuation assessed under multiple scenarios to determine margin of safety

Portfolio

- Fundamentally diversified (using stress tests) by a range of considerations, including:
  - business model
  - end market
  - geographies
- No sector or geographic constraints
- High active share & concentrated
- Every issuer is "whitelisted" by the ESG Investment Committee before entry to portfolio

Source: HSBC Asset Management - February 2024. Representative overview of the investment process, which may differ by product, client mandate or market conditions.

Step 1: Idea sourcing

We fundamentally generate our investment ideas by…

- **Searching Supply Chains** to find intellectual property, value-add, or favourable business characteristics

- **Tracking staff moves** to find other companies with similar competitive features, customer bases, or product suites

- **Reading** about product demand trends, product iteration, product manufacturing changes, and reformulations through **industry publications**

- **Researching** patient **forums** (healthcare) and technology forums (IT) to find customer 'pinch points' in order to see which companies are best placed to address customer needs

- **Visiting companies** both at conferences and within a particular geography

- **Tracking spin offs** – tracking leverage, organic growth, operating performance, and liquidity.

We are looking for companies that exhibit a combination of Resiliency, Repeatability, Adaptability and Sustainability

Source: HSBC Asset Management - February 2024. Representative overview of the investment process, which may differ by product, client mandate or market conditions.

Step 2: Sustainability & Company analysis

Sustainability of Product

- Why do we expect the company to deliver excellent products over the coming decades?
- Over a long enough time horizon, it is inevitable that externalities are "internalised". What are the sustainable attributes of the product, with respect to resource base, life cycle benefits and costs, and socio-economic factors?
- Why will the product suite remain relevant? What are the long-run barriers against disruption or disintermediation?

Sustainability of Business Model

- What are the enduring features of the business model which will facilitate predictable and resilient profit generation over the coming decades?
- How is the business able to iterate its model to remain viable against the backdrop of the transition to a more sustainable global economy?
- How is the business able to benefit from the transition to a more sustainable global economy?

Sustainability of Practices and Culture

- Does the company embrace initiatives which are needed to thrive over a multi-decade period?
- Does the company consider a full range of stakeholders when making internal decisions (customers, shareholders, workers etc.)?
- Does the company undertake strong oversight of its supply chain?
- Does the company have a diverse and well-structured board?
- How has the company managed difficult circumstances in the past? Does the company repeat its mistakes?

We are long-term investors

Sustainability is not "integrated into" the process. Sustainability is the process.

Source: HSBC Asset Management - February 2024. Representative overview of the investment process, which may differ by product, client mandate or market conditions.

Sustainability scorecard extract – identifying a "sustainable investment"

We score the companies using a proprietary scorecard addressing these three dimensions of sustainability

We fundamentally consider sustainability of

(1) business model

(2) practices and culture

(3) product

HSBC Asset Management

Sustainability of Practices and Culture	Summary	Rating	Describe Stress Test methodology (mandatory for not strong)
Does the company embrace initiatives which are needed to thrive over a multi-decade period? Is the company willing to sacrifice near-term profitability in order to reap long-term returns?	Excellent. Aims at delivering both short-term (within one year) and long-term (five to 10 years) stakeholder value, and the latter is categorized into long-term value to a comprehensive spectrum consisting of shareholders, customers, suppliers, employees and the society. Such initiatives involves primarily R&D devotion into lithography, which is inseparable from consistent effort of maintaining a massive supplier network, supporting employee development and investing capital heavily and sustainedly.	Strong	
Has the company reduced its carbon footprint? What are its targets?	Excellent. Have achieved a 21% decrease in Scope 1 GHG since 2013. 72% of energy comes from renewable sources (inc. 92% of grid electricity). Aims for zero emissions from operations (Scope 1 and 2) by 2025, and targets to reduce the intensity level on Scope 3 compared to 2019 baseline of 0.55 by 2025, despite of the change in product mix to higher proportion of EUV systems with increased outputs.	Strong	Climate stress test: 25% increase in COGS, prolonged increase in capex spend to transition infrastructure and supply chain.
Does the company consider a full range of stakeholders when making internal dicisions (customers, shareholders, workers, society etc.)?	Excellent. Considers a comprehensive spectrum of stakeholders consisting of shareholders, customers, suppliers, employees and the society. Company strategy setting (for the period of 2019-2025) is guided by the materiality assessment(conducted in 2018) identified by internal and external stakeholders over an extensive and updated reporting scope of KPIs. Strong returns on capital. Modest leverage, and culture of consistent dividend payout shows	Strong	
How has the company managed difficult circumstances (product recalls etc.) in the past? Does the company repeat its mistakes?	Excellent. ASML is know for being recession-proof, especially when it comes to its solid bookings during semiconductor downturns, and a healthy backlog in addition. Furthermore, due to the typical 12-18 months lead time on ASML's most advanced equipments, its customers are unlikely to cancel orders which would make them lose their place in line. However, ASML's supply is struggling to keep up with the strong demand. Since the thrid quarter of 2021, management has been blaming supply chain issues for its delayed production. A program called 'Fast Shipments' has been utilised since then, which skips some of the testing in the factories but conducts the formal acceptance and testing at the customer site instead. This has allowed for earlier delivery for customers but also led to a deferral of revenue recognition, partially resulting in a growth slowdown. In the meantime, the record-high inflation has posed pressure on its gross margin. Nevertheless, both supply chain and inflation are considered short-term concern for now.	Strong	Reduced organic growth.
Does the company have a diverse, accountable and well-structured management and board?	Excellent. Well-sized (8) and diverse board, in terms of gender, nationality, knowledge, experience and backgrounds. All the members are fully independent. Average age 65. Board meeting attendance is excellent (98%). The supervisory board has four standing committees (Audit, Remuneration, Technology and Selection& Nomination).	Strong	Increased discount rate.
Employee satisfaction. Consider staff turnover, strikes, fair wages, injuries, fatalities, unions.	Improving. Voluntary attrition has remained low at 5%. Glassdoor scores are excellent (4.1). Internal rotation opportnities and scholarships available. Injury incidence rates are excellent (no fatality for three years). However, less satisfactory gender representation: 18% of workforce are women, making up 13% of management (11% of senior management) and 23% of the board (38% of Supervisory Board, yet 0% of Board of Management), with no clear indication of target ratio. Only 52% of employees are covered by collective bargaining agreements.	Improving	Increased discount rate.
What is the standard of financial disclosures and internal controls?	Excellent. Audit committee well-sized (3) and wholly independent. Audit fees have been low and consistent, relative to ASML's size. KPMG is the auditor, having been appointed in 2015. Non-audit fees are minor (below 1% of audit fees).	Strong	Increased discount rate.
Is C-suite compensation appropriate and tied to returns on capital and free cash flows?	Excellent. Remuneration policy is benchmarked to the median of reference group every two years. Short term incentives are tied to a balanced blend of financial measures (60%) and other business measures (40%) including technological advancement and customer satisfaction. Long-term incentives are based on ROAIC, TSR (vs index), technological advancement, and sustainability metric. Requirement for a minimum share ownership applies (varying from 2x to 3x base salary). Compensation is appropriate: internal pay ratio (CEO versus employee remuneration) is 40:1.	Strong	Increased discount rate.

An "Improving" rating on any question requires additional stress testing i.e. increased discount rate, higher cost of goods etc

We ask pertinent questions to uncover the true sustainability practices of the company

The entire research process is an endeavour to better uncover the true sustainability and ESG credentials of the business model, and how it may involve into the future.

The majority of the outcomes need to achieve the highest possible rating of "Strong" to be included within our investment universe

Source: HSBC Asset Management, November 2023. For illustrative purpose only.

HSBC Global Sustainable Long Term Equity

Sustainable Development Goals Mapping

1

- SDGs specified e.g. SDG 6 – Clean Water & Sanitation

2

- Impact measurement metric specified e.g. Numbers of infections reduced annually (measured in millions)
- Baseline year specified

3

- Impact measurement metric tracked and recorded

4

- Engagement with company based on metric progression

Source: HSBC Asset Management, June 2024. For illustrative purpose only.

HSBC GIF Global Sustainable Long Term Equity

Step 3: Stress testing

Scenario analysis and stress tests

- Companies which are most resilient to tests get highest weight in portfolio
- Used to diversify common portfolio risks
- Share price scenarios used to gauge risk/reward profile

Diversification using scenarios

- Some portfolio holdings may have interest rate sensitivity within their business models
- We use scenarios to test the potential fundamental and share price implications of iterations of interest rate changes
- We use these fundamental insights to construct a diversified portfolio

Valuations discipline

- Position sizes reduced as scenario work reveals less skewed upside
- Positions exited as scenarios show little margin of safety remaining

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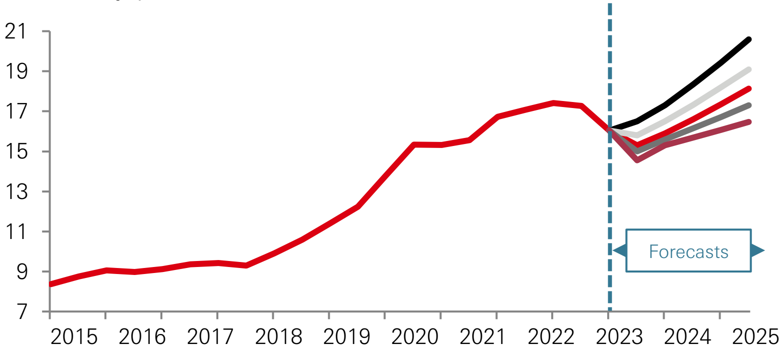
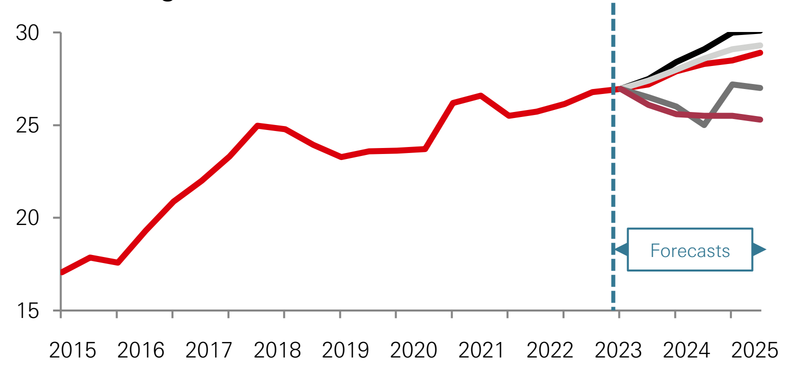
- In this illustrative example, we see how a portfolio holding might evolve under more bearish and more bullish assumptions
- Bearish factors include a debt-funded acquisition, higher CAPEX requirements, slower organic growth assumptions, adverse FX moves and weaker short-term pricing power
- Despite these more stressed scenarios, dividends increase whilst maintaining a very healthy balance sheet

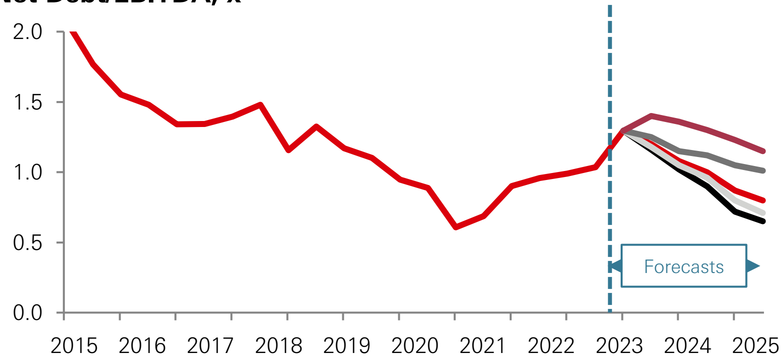
Revenues, $bn



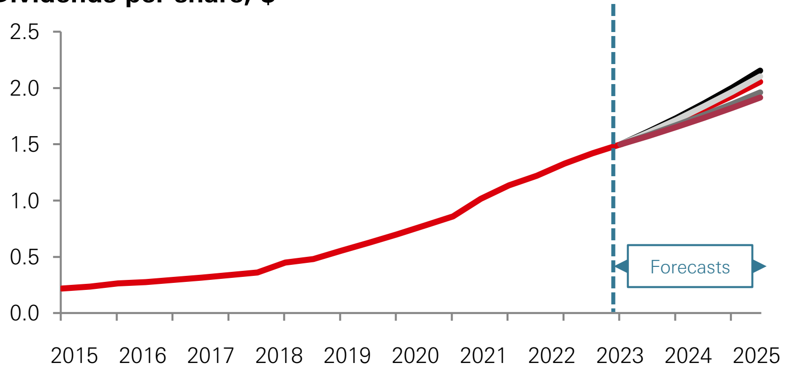
EBITDA margin, %



Net Debt/EBITDA, x



Dividends per share, $



The figures presented are an estimation of future performance based on past data relating to changes in the value of this investment and / or current conditions. Simulated future performance is no guarantee of actual performance. They depend on the future development of the market and the retention period of the investment.

Source: HSBC Asset Management June 2023. The commentary and analysis presented in this document reflect the opinion of HSBC Asset Management on the markets, according to the information available to date. They do not constitute any kind of commitment from HSBC Asset Management . Consequently, HSBC Asset Management will not be held responsible for any investment or disinvestment decision taken on the basis of the commentary and/or analysis in this document. Simulated data is shown for illustrative purposes only and should not be relied on as indication for future returns. Simulations are based on Back Testing assuming that the optimisation models and rules in place today are applied to historical data. As with any mathematical model that calculates results from inputs, results may vary significantly according to the values inputted. Prospective investors should understand the assumptions and evaluate whether they are appropriate for their purposes. Some relevant events or conditions may not have been considered in the assumptions. Actual events or conditions may differ materially from assumptions. Past performance is not a reliable indication of future returns.

Step 4: Credit aware valuation

Upside is measured using a disciplined, consistent, cash-based approach

1

'Reduced' Discounted Cash Flow analysis

- We prudently fade returns over the long run
- Discount rate can never be less than 250bps above the risk free rate
- Discount rate can never be below 6%

2

$$\frac{Enterprise\ Value}{Free\ Cash\ Flow}$$

- Compared to history
- Compared to companies of similar sustainability, resilience and long term growth
- Compared to all other available opportunities

3

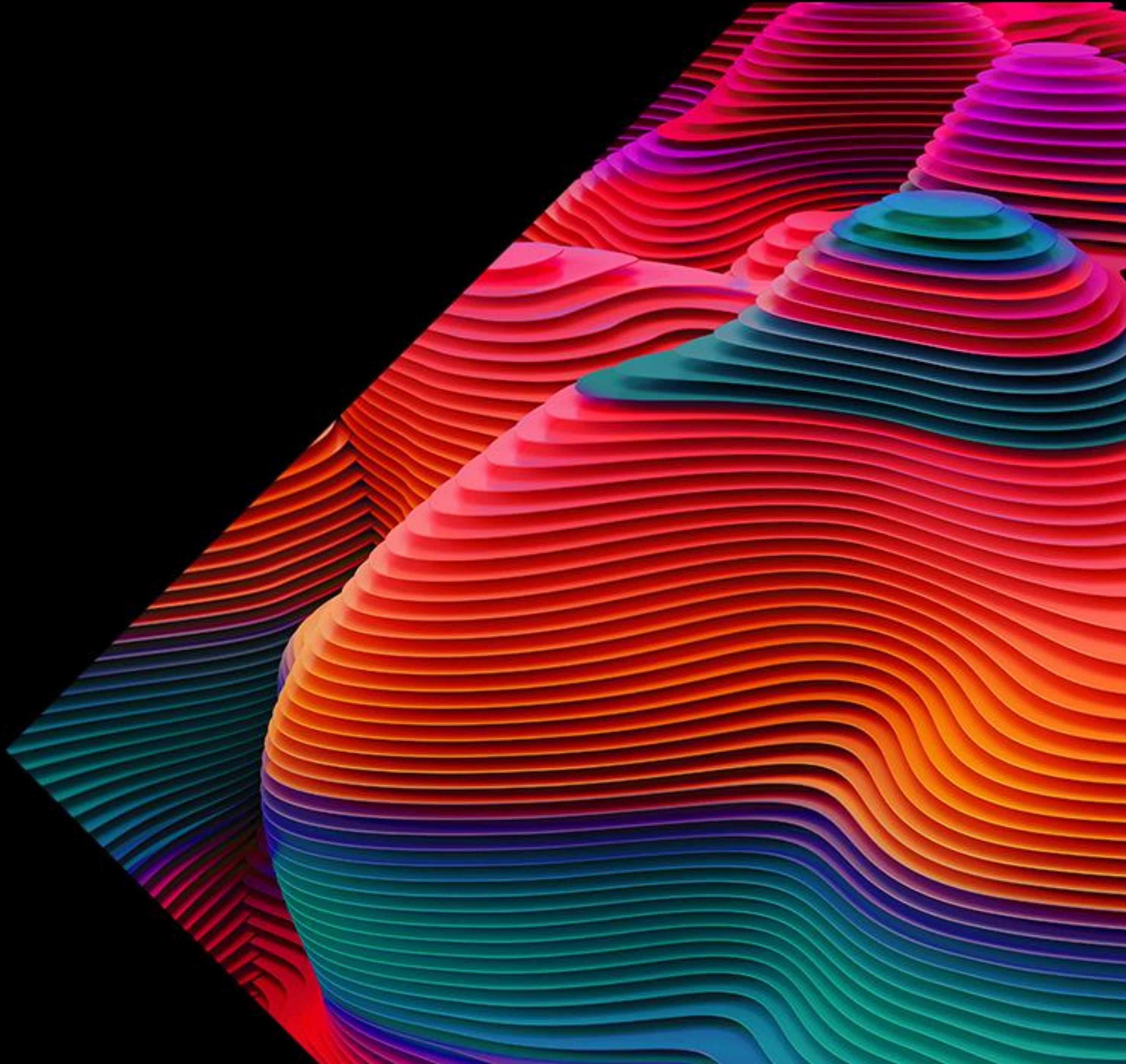
$$\frac{Enterprise\ Value}{Invested\ Capital} = \frac{Return\ On\ Invested\ Capital}{Cost\ of\ Capital}$$

- The quintessential long term identity
- Can be used to derive market-implied profitability
- Can also be used to derive implied fair value share price

Valuation techniques draw upon fixed income principles

Source: HSBC Asset Management - February 2024. Representative overview of the investment process, which may differ by product, client mandate or market conditions. Any forecast, projection or target where provided is indicative only and is not guaranteed in any way.

Portfolio



Portfolio construction guidelines

Stock selection driven by conviction

- All holdings sourced from our Investable Universe
- A concentrated, active portfolio of c. 20-35 holdings
- We only invest in companies materially aligned to one or more UN SDG
- We invest when there is a large 'margin of safety'
- Companies which stress test the 'best' get higher weights in the portfolio
- Constructed to deliver a high conviction portfolio, positive ESG characteristics, suitable diversification and (where appropriate) income
- Low stock turnover/ long term holding periods

Focus on UN SDG alignment & total return

- High active share
- No formal sector or region constraints
- Fully invested

Diversification

Diversification of capital and income returns

- Diversification across business models
- Diversification across company revenue growth drivers
- Diversification across UN SDGs
- Not over-diversified
- Diversification using fundamental knowledge, rather than outsourcing risk management to a quant model

Reasons we may exit a position

- Shares are overvalued
- Stress testing indicates increased risk
- Company is acquired
- Weakening sustainability characteristics
- Fundamental thesis deterioration or change
- A material change in company strategy
- Inappropriate financial leverage
- Inefficient uses of free cash flow
- Ineligibility for Article 9

The vast majority of our risk reduction efforts occur before this stage of the process

Source: HSBC Asset Management - February 2024. Representative overview of the investment process, which may differ by product, client mandate or market conditions. Any forecast, projection or target where provided is indicative only and is not guaranteed in any way.

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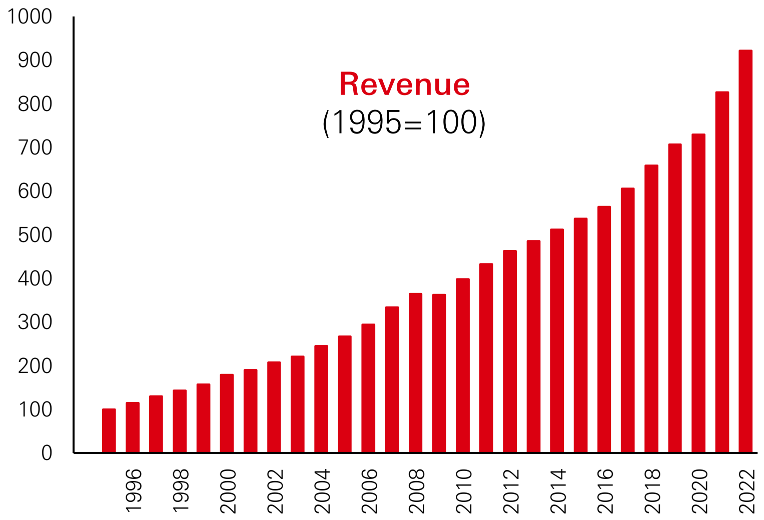
Portfolio overview of this actively managed strategy

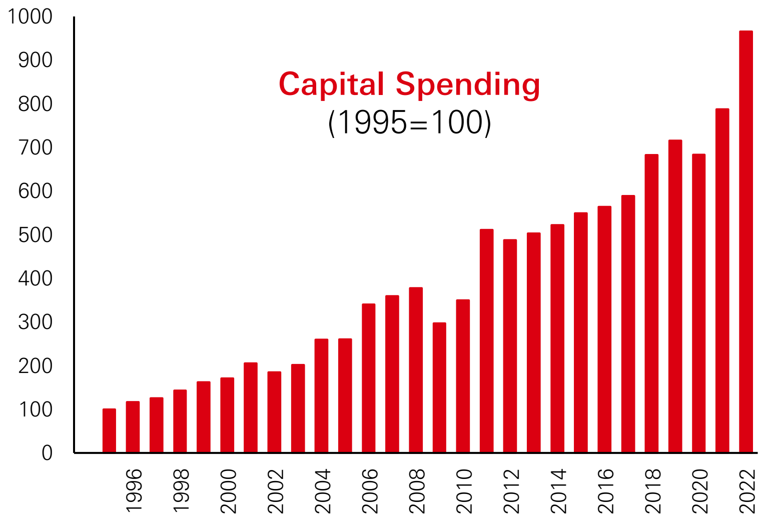
Typical parameters of the investment strategy	
Typical number of stocks	25-30
Strategy	Fundamental active long-only
Reference benchmark	MSCI All Country World
Non-benchmark stocks	Unconstrained
Country/ sector weight	Unconstrained
Maximum single stock exposure	10%
Expected active share	90%
Max cash	10%
Expected portfolio name turnover	10%

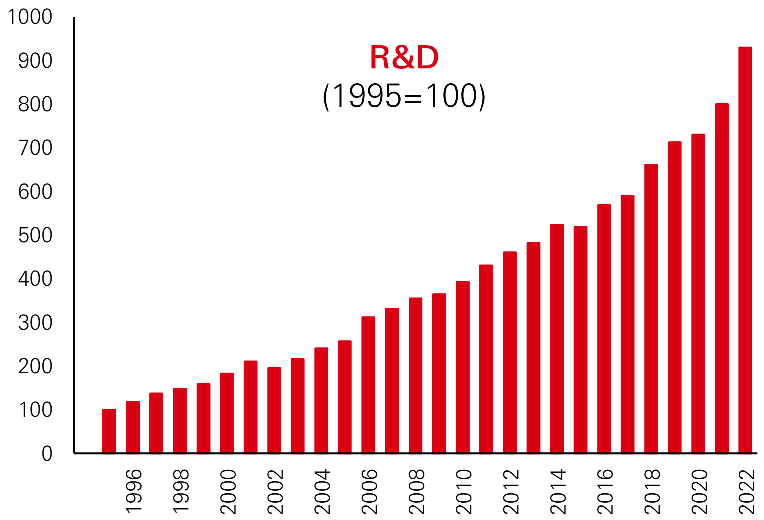
Source: HSBC Asset Management, June 2024.
Any forecast, projection or target where provided is indicative only and is not guaranteed in any way. HSBC Asset Management accepts no liability for any failure to meet such forecast, projection or target.
Characteristics and weightings are for information only, are not guaranteed and are subject to change over time, and without prior notice, taking into account any changes in market

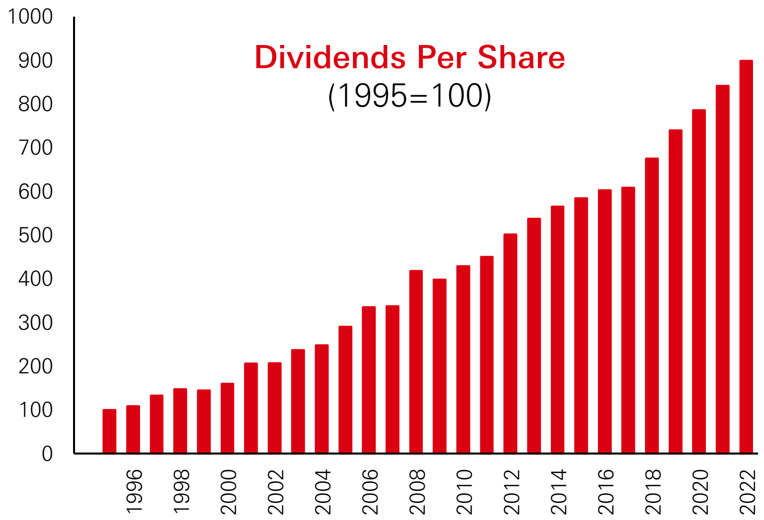
HSBC Global Sustainable Long Term Equity

Fundamental characteristics: A history of companies currently in the portfolio[1]









Past performance is no guarantee of future returns. Future returns will depend inter alia on market developments, the fund manager's skill, the fund's level risk and management costs and if applicable subscription and redemption c... The return, the value of money invested in the fund may become negative as a result of price losses and currency fluctuations. There is no guarantee that all of your invested capital can be redeemed. Unless stated otherwise, inflation ... not taken into account.

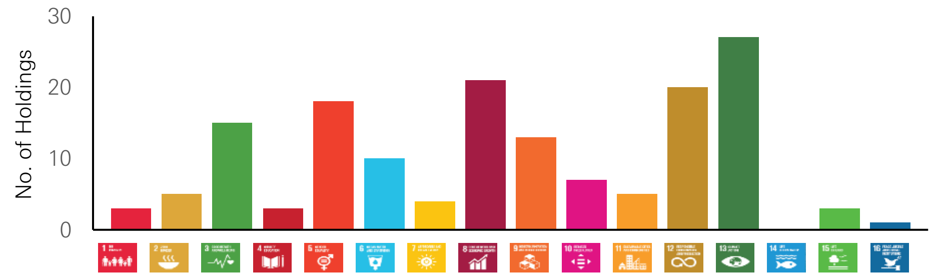
Source: Company Reports, HSBC Global Asset Management as at 27 May 2023. Characteristics and weightings are for information only, are not guaranteed and are subject to change over time, and without prior notice, taking into account any changes in markets.

1. This represents a typical holding in the portfolio. For informational purposes only and should not be construed as a recommendation for any investment product or strategy. Not an exhaustive list of capabilities..

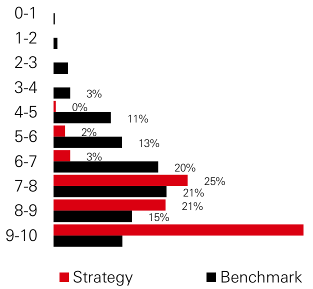
HSBC Global Sustainable Long Term Equity

Sustainability diagnostics

SDG Alignment
(HSBC)

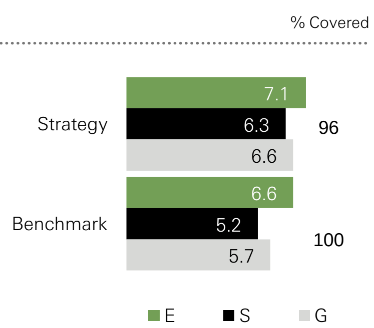


Overall ESG score distribution
(MSCI industry adjusted score)

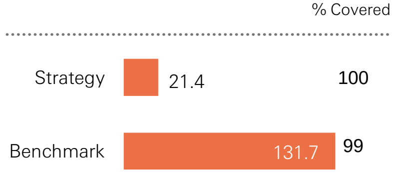


Overall ESG score
(MSCI industry adjusted score)

ESG pillar scores
(MSCI)



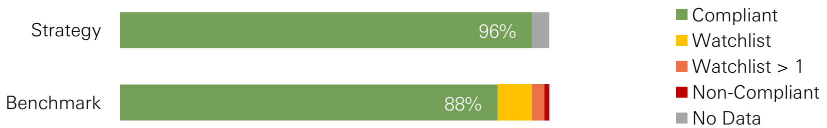
Carbon intensity
(Scope 1+2 CO2e/USDmn, S&P Trucost)



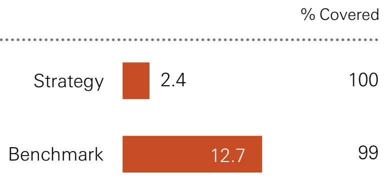
Exposure to Fossil Fuels, Coal, Power Generation and Renewables
(S&P Trucost)

	Fossil Fuel Companies	Coal Companies	Fossil Fuel Power Generation Companies	Renewables Companies
Strategy	0.0%	0.0%	0.0%	0.0%
Benchmark	3.6%	0.2%	0.7%	0.2%

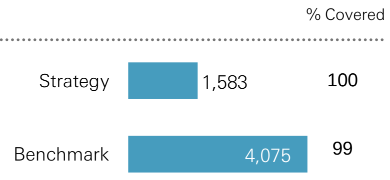
United Nations Global Compact Principal alignment
(Sustainalytics)



Waste intensity (landfill and incineration)
(S&P Trucost, Tonnes/USDmn revenue)

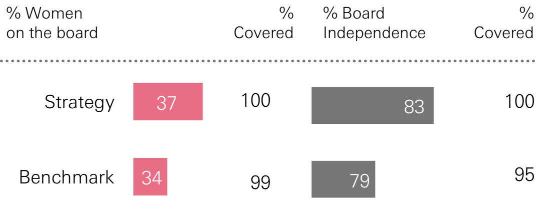


Water intensity (direct and purchased)
(S&P Trucost, K Cubic Metres/USDmn revenue)



ESG Risk
(Sustainalytics)

Social & Governance
(Bloomberg)



Keys risks : Emerging Markets Risk, Operational Risk, Counterparty Risk, Derivatives Risk, ESG risk, Investment Leverage Risk, Liquidity Risk

The score figures displayed in the document relate to the past and past score should not be seen as an indication of future score.

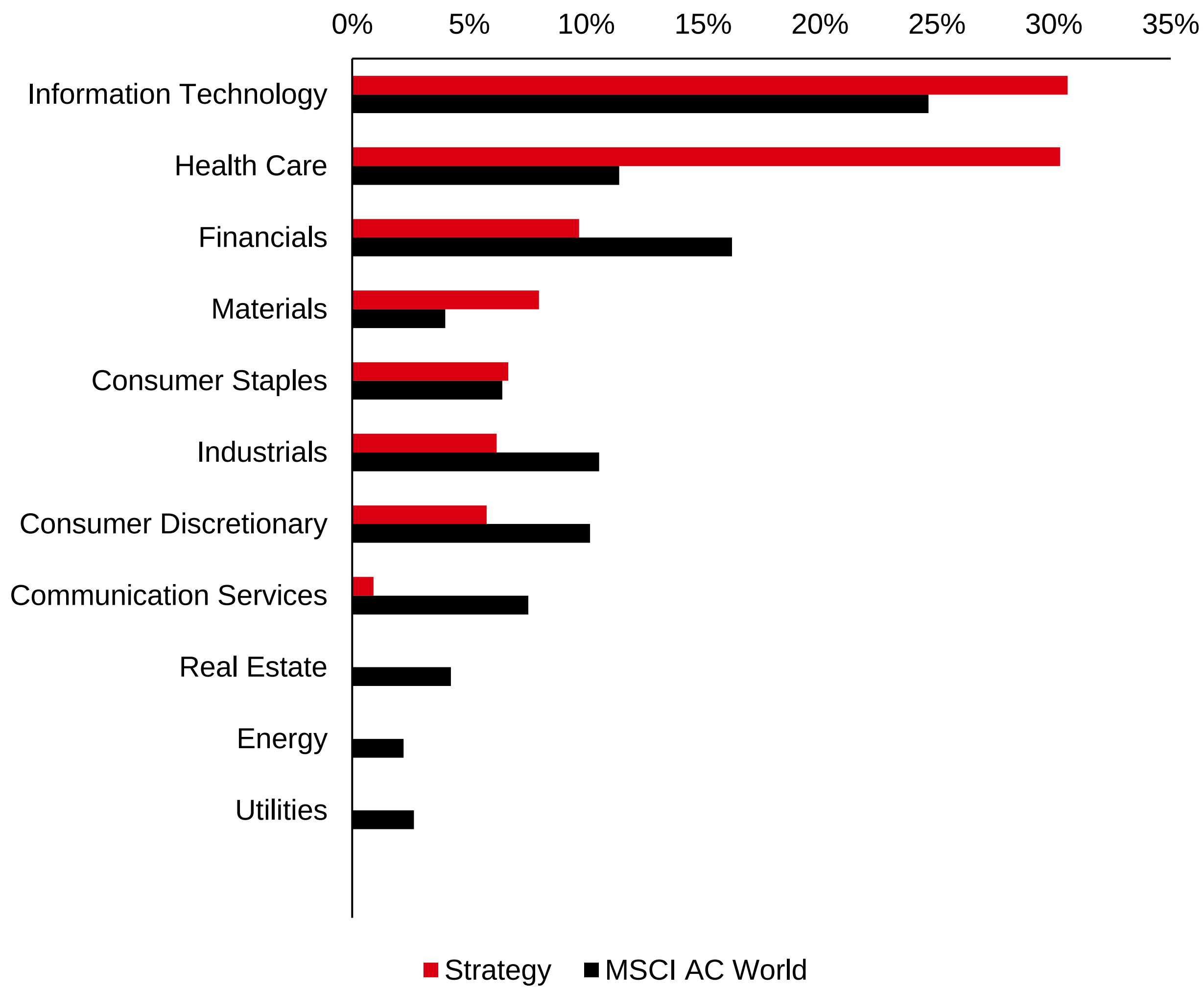
Source: MSCI, Bloomberg, S&P Trucost and HSBC Asset Management as at 29 February 2024.

UN Sustainable Development Goals

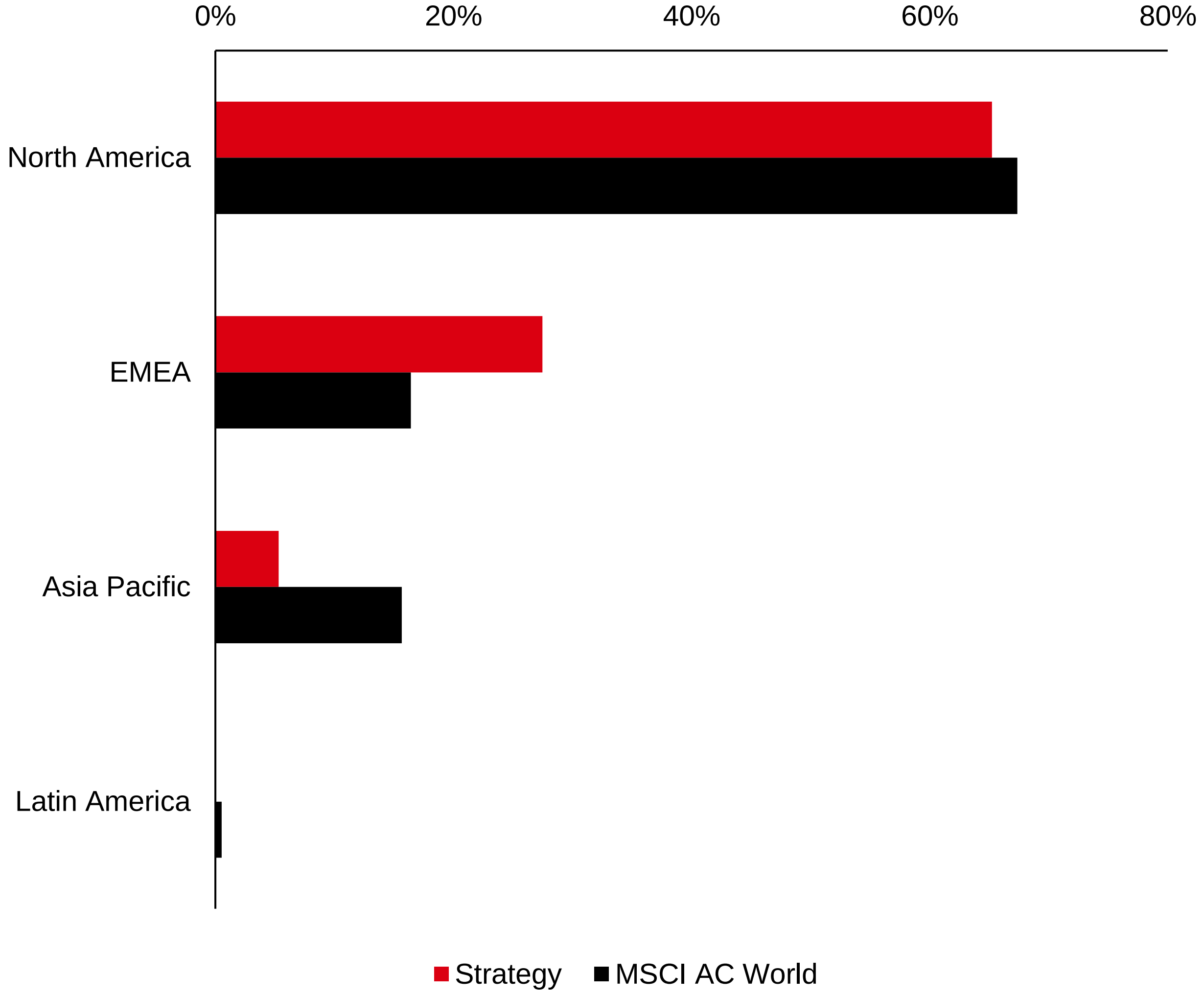
HSBC Global Sustainable Long Term Equity

Holdings as of 31st August 2024

Sector weightings



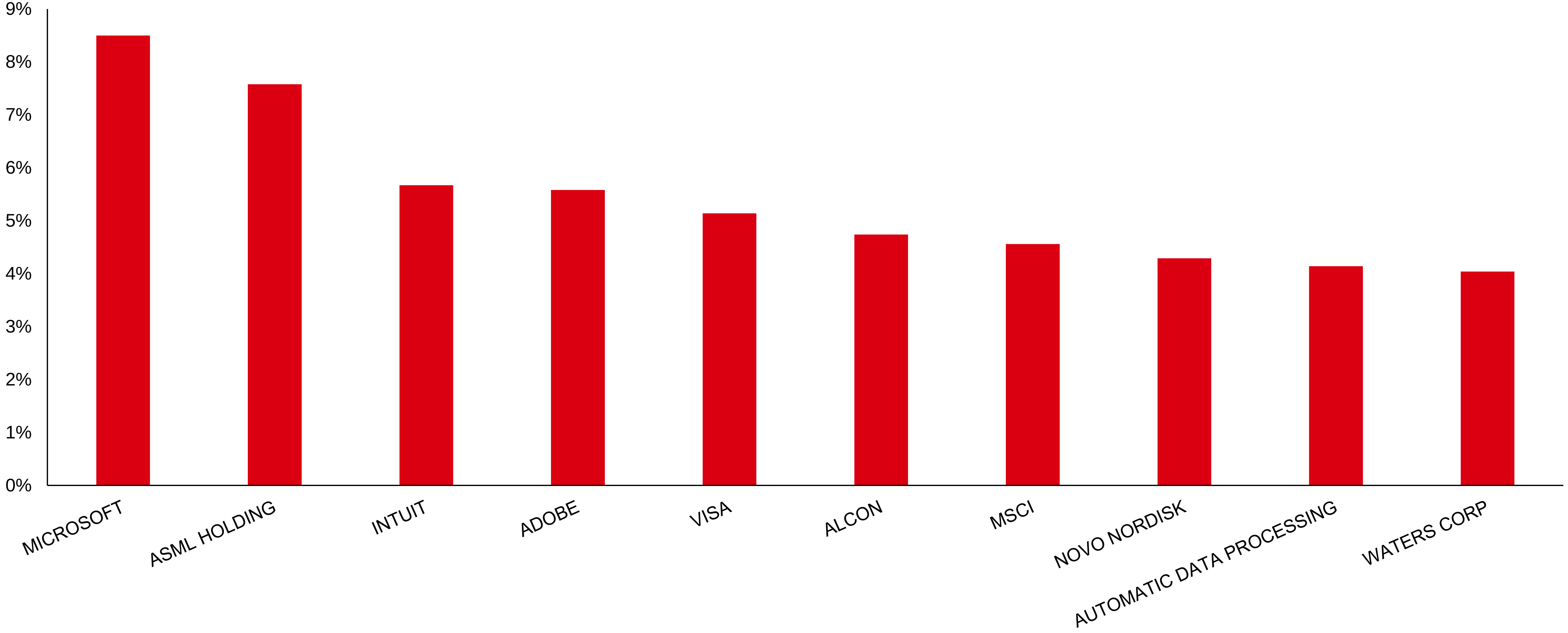
Geographical weightings



Source: HSBC Asset Management as at August 2024. Characteristics and weightings are for information only, are not guaranteed and are subject to change over time, and without prior notice, taking into account any changes in market

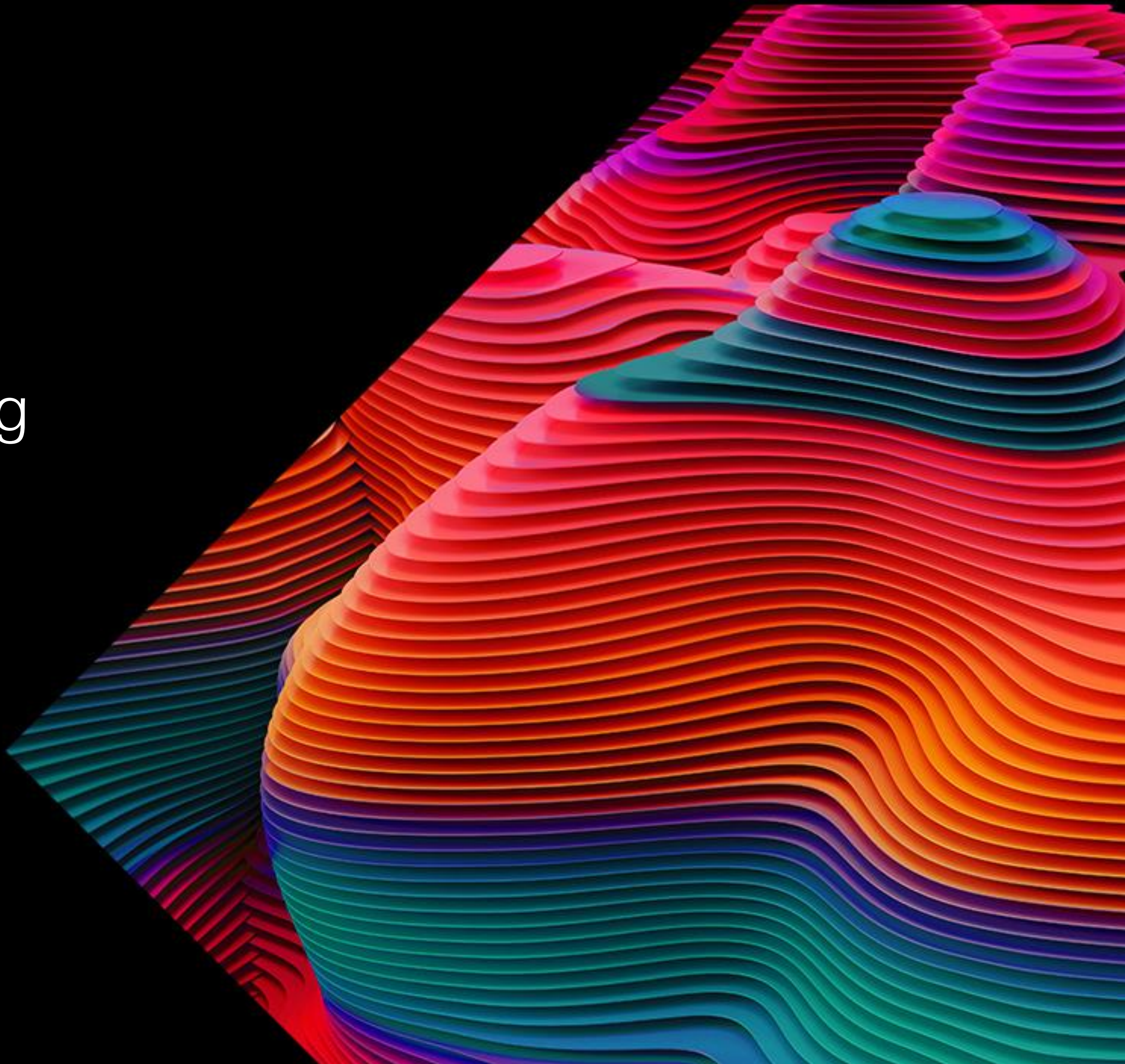
HSBC Global Sustainable Long Term Equity

Top 10 holdings



Source: HSBC Asset Management as at August 2024. Holdings are as of date indicated and shouldn't be relied thereafter. This information shouldn't be considered as a recommendation to invest in any of the security shown. Allocation is as at the date indicated, may not represent current or future allocation and is subject to change without prior notice.

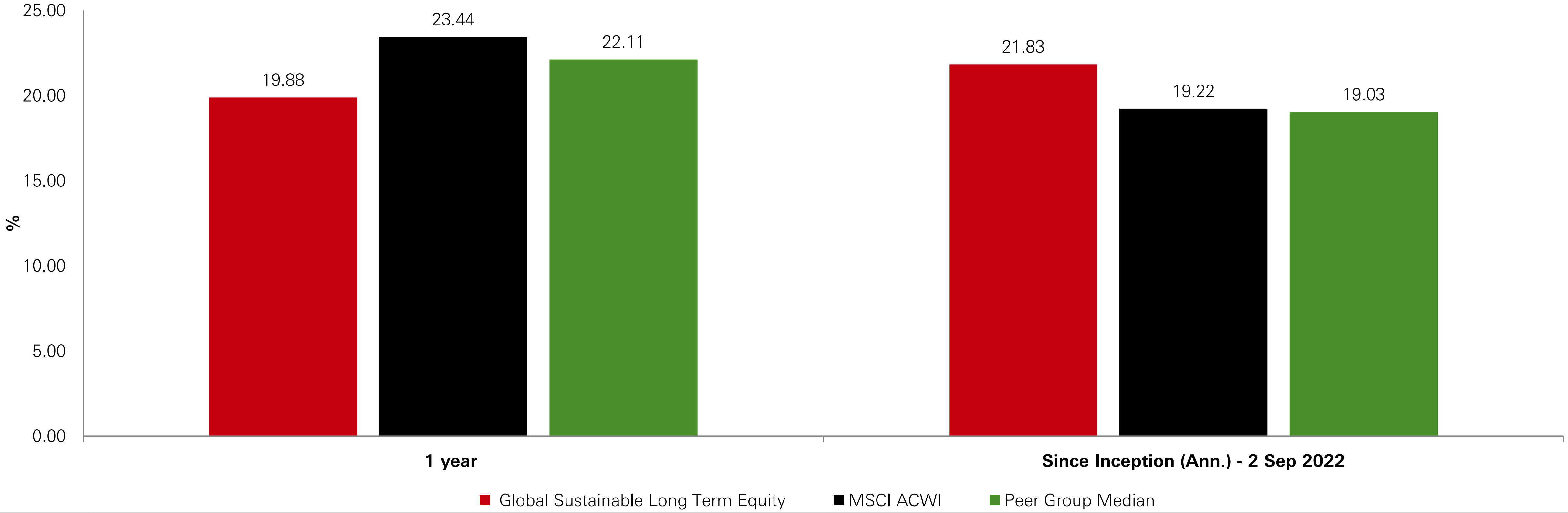
HSBC Global Sustainable Long Term Equity performance



HSBC Global Sustainable Long Term Equity

Supplemental information

Gross returns to 31st August 2024



Percentile	69th	15th

Keys risks : Emerging Markets Risk, Operational Risk, Counterparty Risk, Derivatives Risk, ESG risk, Investment Leverage Risk, Liquidity Risk

Past performance is no guarantee of future returns. Future returns will depend inter alia on market developments, the fund manager's skill, the fund's level risk and management costs and if applicable subscription and redemption costs. The return, the value of money invested in the fund may become negative as a result of price losses and currency fluctuations. There is no guarantee that all of your invested capital can be redeemed. Unless stated otherwise, inflation is not taken into account. Performance figures are shown in USD and gross of fees for the Strategy and the peer group. The Strategy is denominated in USD. Returns may vary with fluctuations in the exchange rate.

Source: Morningstar data as of 31st August 2024. Peer group is the Morningstar Global Large Cap Blend category. Darryl Lucas has been the Lead Manager since 2nd Sep 2022.

HSBC Global Sustainable Long Term Equity

Rolling 1-yr returns

(%)	31/08/2023 to 31/08/2024
HSBC Global Sustainable Long Term Equity	19.88
MSCI ACWI NR	23.44
Difference	**-3.56**

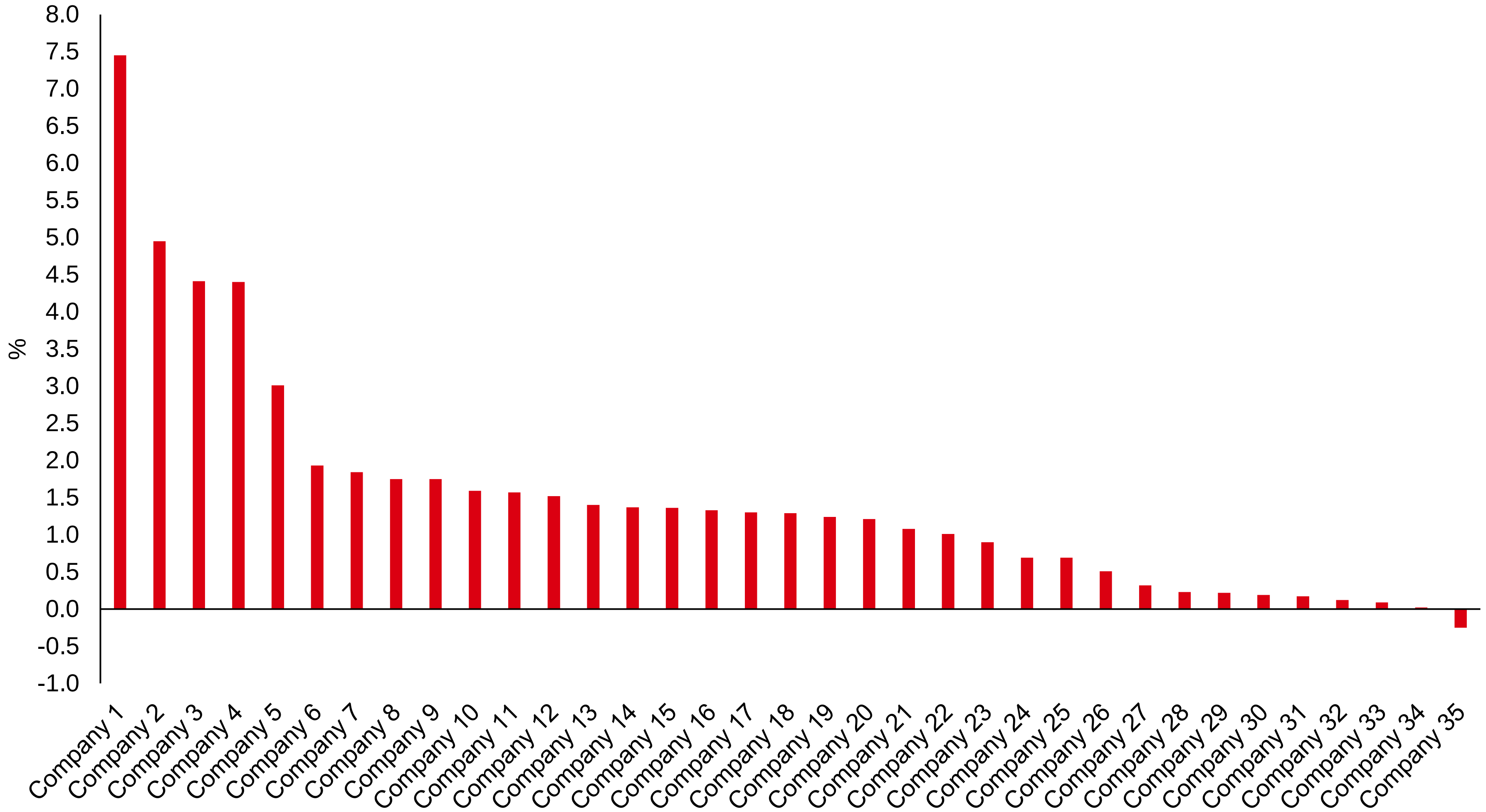
Keys risks : Emerging Markets Risk, Operational Risk, Counterparty Risk, Derivatives Risk, ESG risk, Investment Leverage Risk, Liquidity Risk

Past performance is no guarantee of future returns. Future returns will depend inter alia on market developments, the fund manager's skill, the fund's level risk and management costs and if applicable subscription and redemption costs. The return, the value of money invested in the fund may become negative as a result of price losses and currency fluctuations. There is no guarantee that all of your invested capital can be redeemed. Unless stated otherwise, inflation is not taken into account.Performance is gross of fees and would be lowered after deduction of management and administrative fees.

The Strategy is denominated in USD. Returns may vary with fluctuations in the exchange rate. Source: Morningstar data as of 31st August 2024.

Minimising mistakes

Since inception contribution to returns of portfolio holdings



Past performance does not predict future returns. The value of investments and any income from them can go down as well as up and investors may not get back the amount originally invested. Performance is gross of fees and would be lowered after deduction of management and administrative fees. This information shouldn't be considered as an investment advise. Holdings are as of date indicated and shouldn't be relied thereafter.

Source: HSBC Asset Management as of 31st August 2024

Since inception to end of August 2024, only one holding has detracted from absolute performance.

This is testament to our Credit Aware approach that minimises mistakes

We believe this type of approach leads to a deeper understanding of the underlying fundamental risk an investment presents

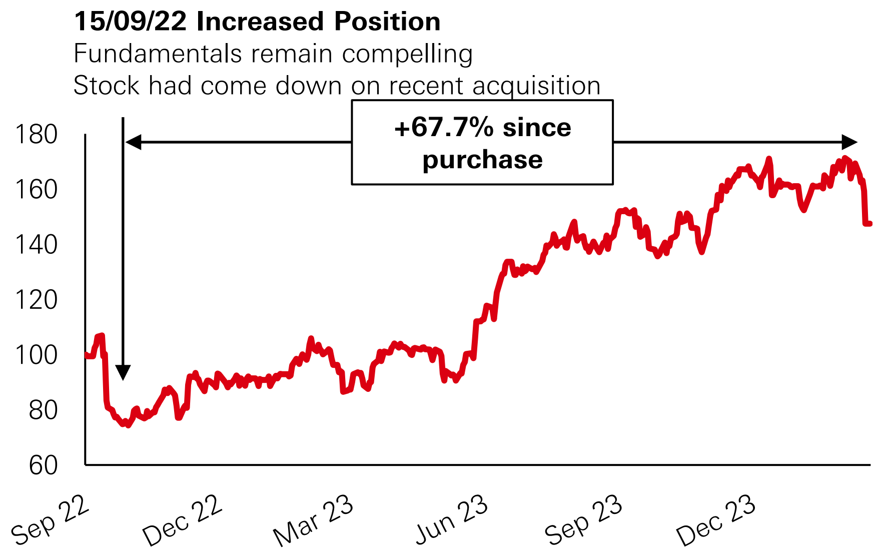
HSBC Global Sustainable Long Term Equity

Volatility is an opportunity – trading can add value

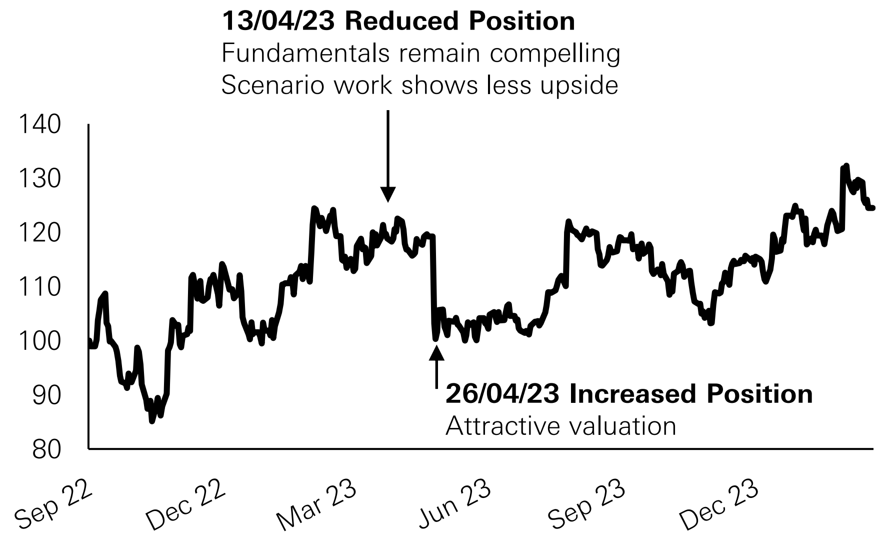
The strategy's returns are not driven by the frequent buying and selling of securities, but rather by the long-term ownership of sustainably growing companies

Carefully considered transactions have added to total returns since inception

Software Developer

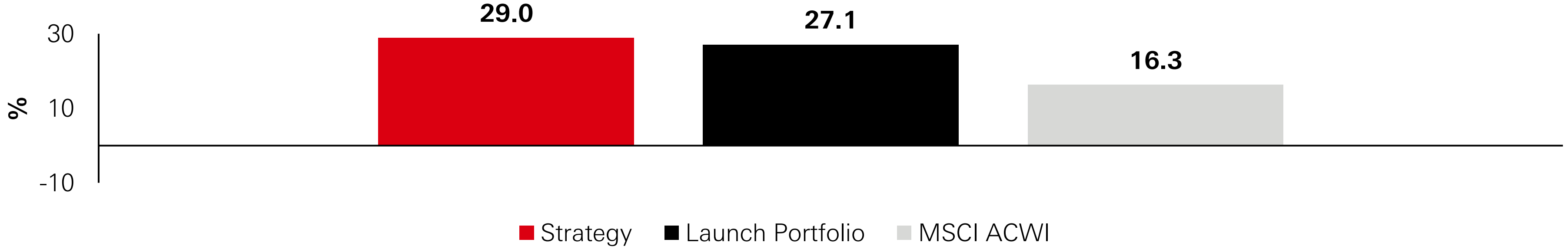


Financial Data Provider



Carefully considered transactions have added value

(Annualised, USD, gross of fee)



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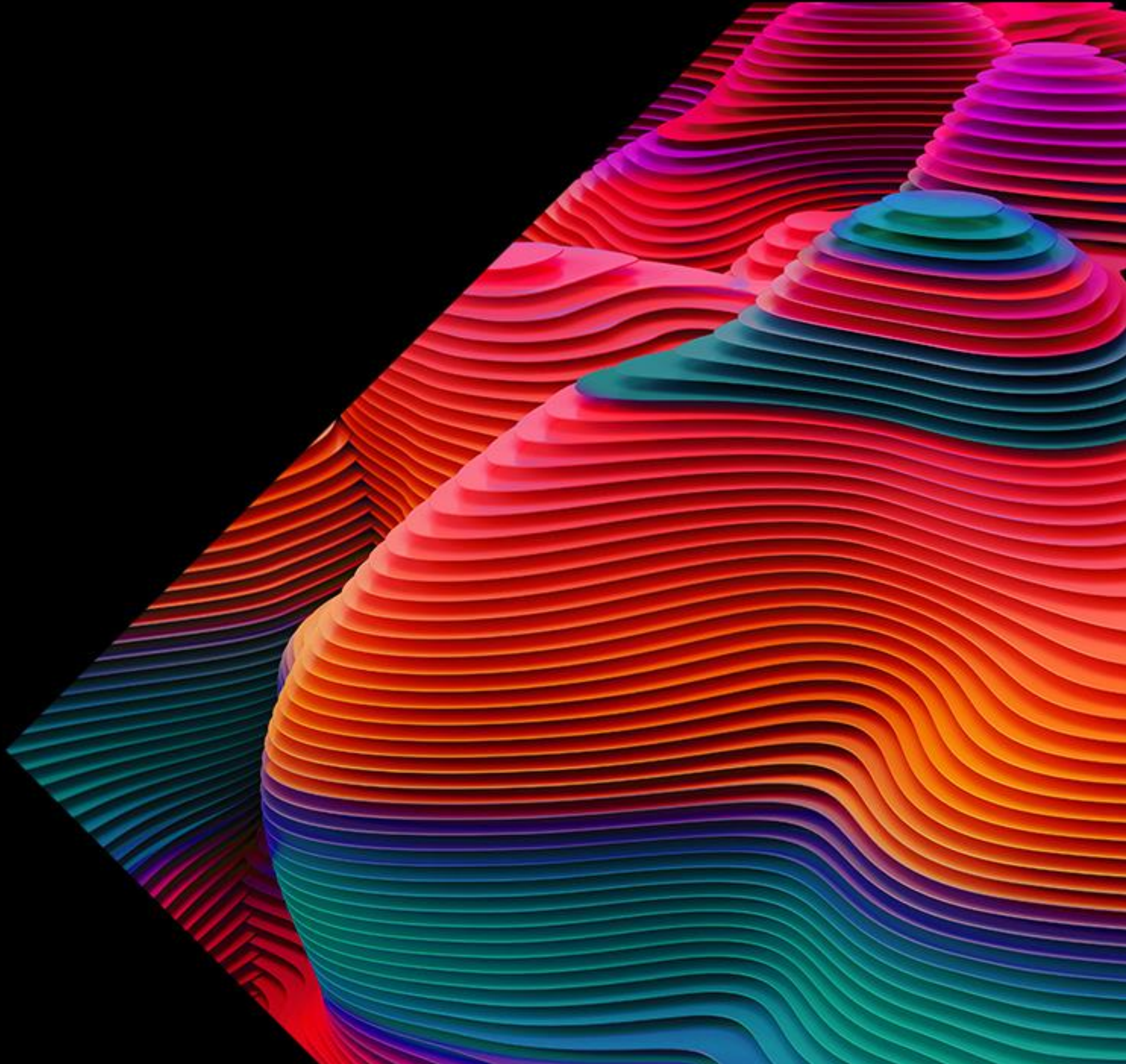
Performance is gross of fees and would be lowered after deduction of management and administrative fees. The strategy is denominated in USD. Returns may vary with fluctuations in the exchange rate.

Investment team



Leveraging local expertise of HSBC Asset Management resources

Global platform synergises ideas, enables best practice and facilitates exchange of information

Global resources

Macro & Strategy Teams

Responsible Investing Team
- ESG research
- Engagement and Stewardship
- Net Zero

Equity Research Hubs (India/ China) & Virtual Sector Teams
100+ investment professionals worldwide across asset classes

Fixed Income Credit Platform

Sustainable Long Term Equity Investment team

	Years in Industry	Years with HSBC	Position
Darryl Lucas	21	4	Head of Sustainable Long Term Equities
Kumaran Perinpanathan	9	3	Research Analyst
Mohsin Ali	5	2	Research Analyst
Jiajin Chen	2	2	Research Analyst
Nicholas Worth	8	6	Investment Specialist
Andrew Craven	2	2	Investment Specialist

Thematic Teams
Climate, Healthcare, Biodiversity, Tech (e.g. Metaverse)

Local Strategy Insights

Sustainable Healthcare Team

Emerging Equity Team

Asia ex Japan Team

European Equity Team

Social & Responsible Investing Team

Source: HSBC Asset Management as at 30 June 2024. For illustrative purpose only.

Key investment professionals

Darryl Lucas: Head of Sustainable Long Term Equities

Location: London
Investment Experience: 21 Years

Darryl established and leads the Sustainable Long Term Equities team, after having joined HSBC Asset Management in September 2020. Darryl joined from Barings, where he was a Managing Director, having established and led an equity team which managed a suite of products including Global Equity and Global Dividend strategies. Prior to this, Darryl was Head of Equity Income at Sarasin & Partners, where he directly managed portfolios totalling $2.3bn. Prior to Sarasin & Partners, Darryl was a credit analyst at ABN AMRO Asset Management. He has also held several other analytical roles in finance. Darryl received a BSc in Economics from the University of Bath.

Kumaran Perinpanathan: Research Analyst

Location: London
Investment Experience: 9 Years

Kumaran Perinpanathan is a research analyst in the Sustainable Long Term Equities team within HSBC Asset Management in London and has been working in the financial industry since 2014. Within the team, Kumaran is responsible for company analysis and valuation across several sectors. Prior to joining HSBC in May 2021, Kumaran worked as an investment analyst for Barings Asset Management in London, where he was responsible for equity research on a number of global and international equity mandates. Previously, Kumaran held the position of senior investment associate at Cambridge Associates in London. Kumaran received a MChem in Chemistry (First Class) from the University of Oxford and is a CFA charterholder.

Mohsin Ali: Research Analyst

Location: London
Investment Experience: 5 Years

Mohsin Ali is a research analyst in the Sustainable Long Term Equities team within HSBC Asset Management in London. Mohsin is responsible for cross-sector company analysis, monitoring and valuations work. Prior to joining HSBC in Feb 2022, Mohsin started his career within the Multi-Asset Investment team at Russell Investments in 2018, before working within Merger & Acquisitions at MCF Corporate Finance in London. Mohsin received a BSc in Chemistry from University College London.

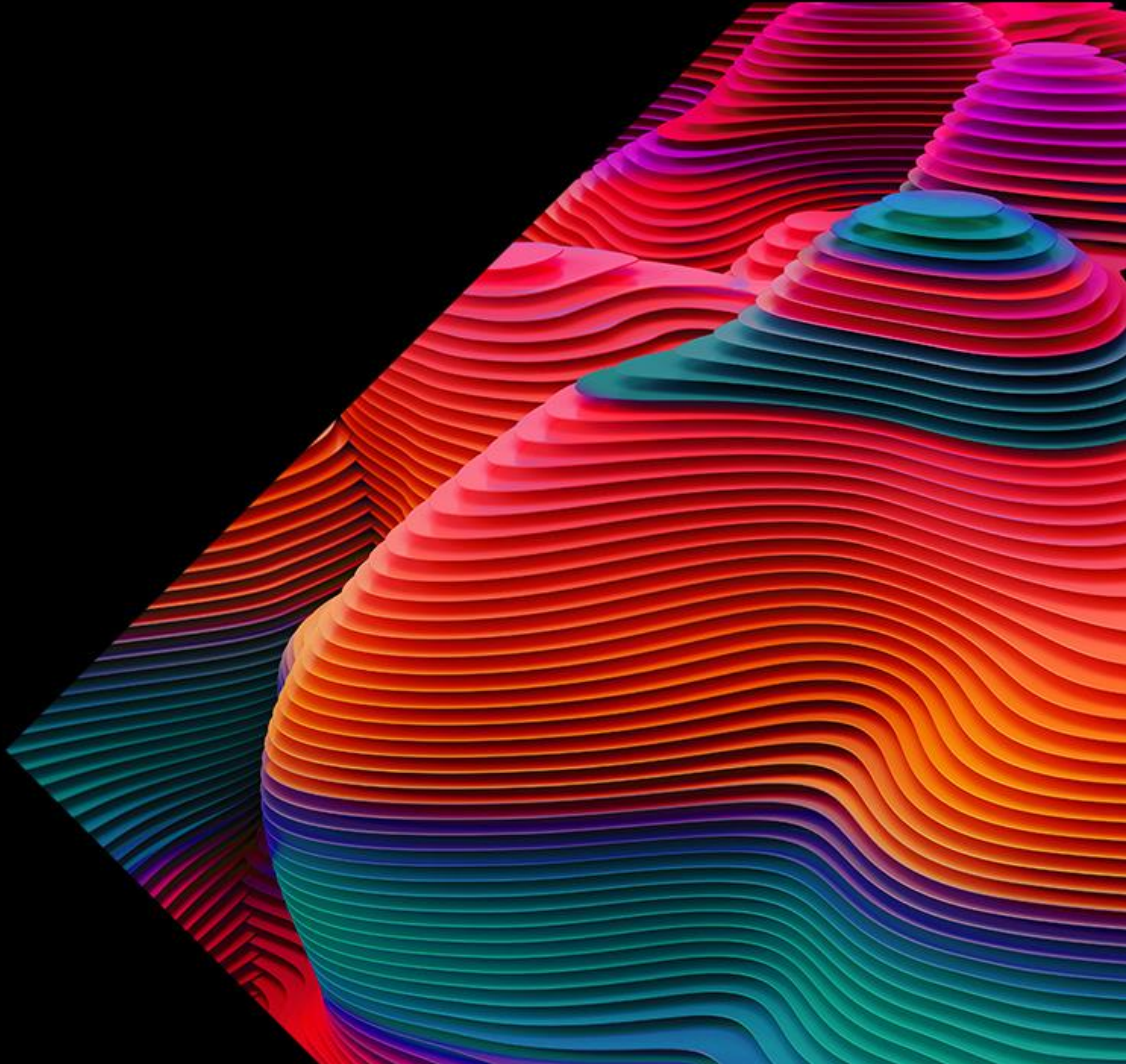
Jiajin Chen: Research Analyst

Location: London
Investment Experience: 2 Years

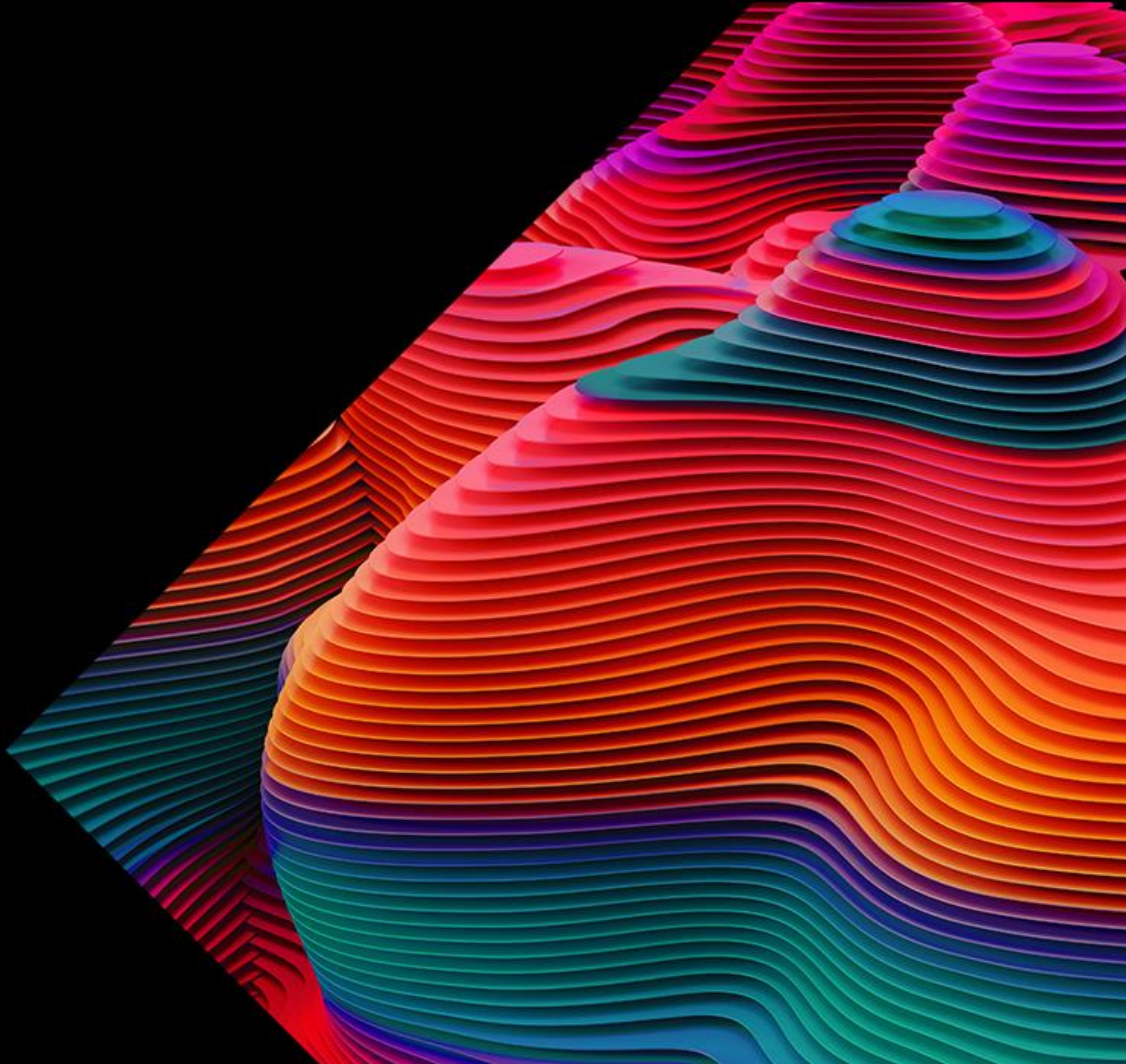
Jiajin Chen is a research analyst in the Sustainable Long Term Equities team within HSBC Asset Management in London. Jiajin is responsible for cross-sector company analysis, monitoring and valuations work. Prior to joining HSBC in September 2022, Jiajin started her career at Vendian Investments Management as an investment associate in 2020, before returning to university and interning at HSBC Asset Management in 2021 and Morgan Stanley in 2022. Jiajin received a BSc in Economics from University College London.

Source: HSBC Asset Management as at June 2024.

Appendix

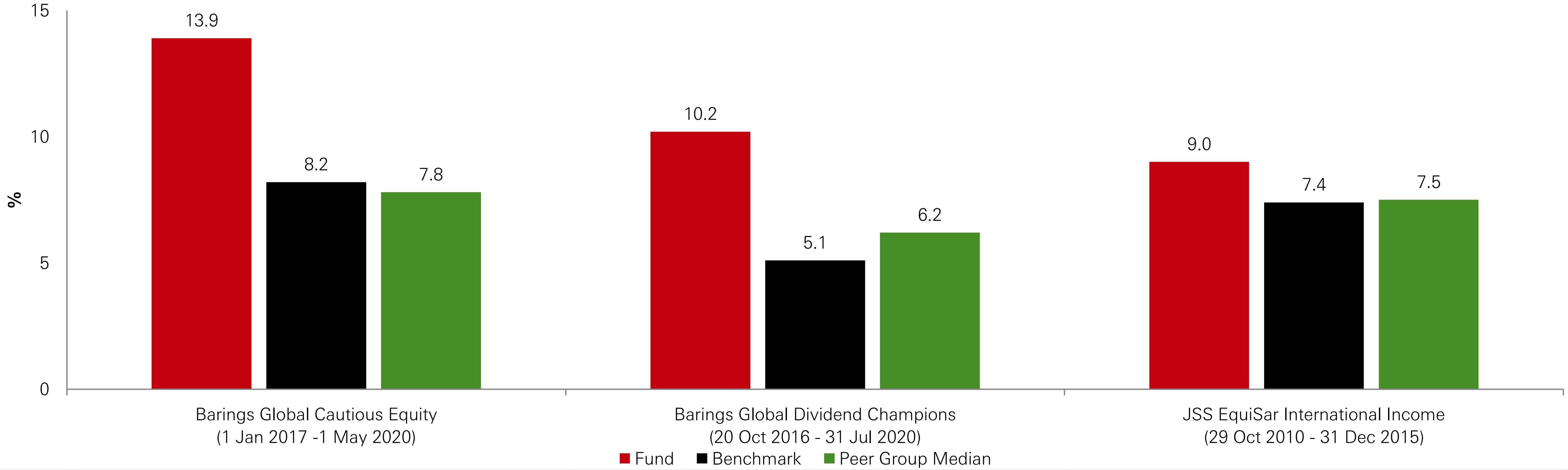


Portfolio Manager historic performance



Darryl Lucas' performance track record summary

Annualised gross returns



Percentile	**7th**	**1st**	**3rd**

Keys risks : Emerging Markets Risk, Operational Risk, Counterparty Risk, Derivatives Risk, ESG risk, Investment Leverage Risk, Liquidity Risk

Past performance is no guarantee of future returns. The return, the value of money invested in the fund may become negative as a result of price losses and currency fluctuations. There is no guarantee that all of your invested capital can be redeemed. The value of investments and any income from them can go down as well as up and investors may not get back the amount originally invested. Performance is gross of fees and would be lowered after deduction of management and administrative fees.

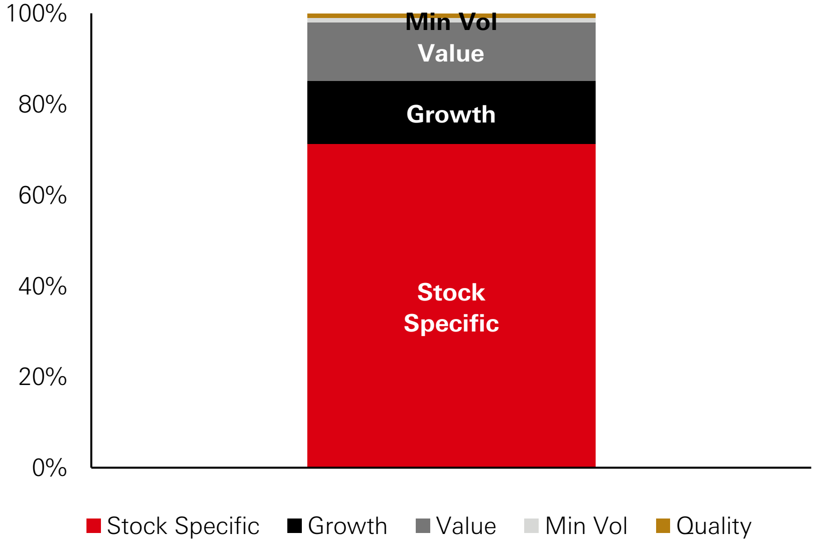
. Returns may vary with fluctuations in the exchange rate.

1. Barings Global Cautious Equity. Source: eVestment, as at end of May 2020. Performance figures in USD are based on the composite (Barings LLC Global Cautious Equity) managed by Darryl Lucas since inception on 1 January 2017 to May 2020.
2. Barings Global Dividend Champions. Morningstar, Bloomberg (for dividend growth data). Dividend growth data from the I USD Inc (ISIN IE00BYZDBZ35) units, using dividends declared for completed calendar years only. The Barings Global Dividend Champions was managed by Darryl Lucas since inception on 20 October 2016 to July 2020.
3. JSS EquiSar International Income. Morningstar, December 2015. Morningstar peer group is Global Investment Fund Sector (GIFS) = Global Equity-Income And Primary Share in GIFS Classification = Offshore Territories. Fund inception: 29th October 2010. Performance figures in USD are based on the composite (JSS Equisar International) managed by Darryl Lucas since inception on 29th October 2010 to 4 December 2015.

Darryl Lucas historical performance

Fundamentally-driven, differentiated returns

With active equities we care about how to explain returns…



Whilst low correlation to other asset classes suggest the strategy can be a complimentary allocation….

(Daily returns to July 2023)

	Real Estate	Infrastructure	Multifactor	Strategy
Real Estate	1.00			
Infrastructure	0.40	1.00		
Multifactor	0.09	-0.04	1.00	
Strategy	0.15	-0.10	0.01	1.00

The longer an investment is owned, the less its "systematic" exposure drive returns.

What drives returns over the long-run is the success or failure of the underlying business.

The addition of the strategy to a Multi-Asset portfolio can lead to improved risk-adjusted returns

Keys risks : Emerging Markets Risk, Operational Risk, Counterparty Risk, Derivatives Risk, ESG risk, Investment Leverage Risk, Liquidity Risk

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Source: HSBC Asset Management, Bloomberg as of 31st July 2023.

1. The LHS chart is based on a multiple regression output of the returns of the following funds: JSS Equisar International Income, Barings Global Dividend Champions, Barings Global Cautious Equity, HBSC International Equity and HSBC GIF Global Sustainable Long Term Equity from 2010 onwards versus 5 factors: Market, Growth, Value, Quality & Min Vol. To proxy these factors, we use the returns of the relevant MSCI ACWI indices. For Growth, Value, Quality and Min Vol we use the excess returns to remove the beta component.

2. RHS chart: correlation calculated using excess daily USD returns for the output of the aforementioned funds relative to the MSCI ACWI Index. Infrastructure = MSCI ACWI Infrastructure, Multifactor = MSCI ACWI Diversified Multi Factor, Real Estate = FTSE EPRA NAREIT Index

Darryl Lucas historical performance

Resilient returns

Strategy quartile over time

Q1 Q2 Q3 Q3 Q3 Q3 Q2 Q3 Q2 Q2 Q2 Q2 Q2 Q2 Q2 Q2 Q2 Q1 Q1 Q1 Q1

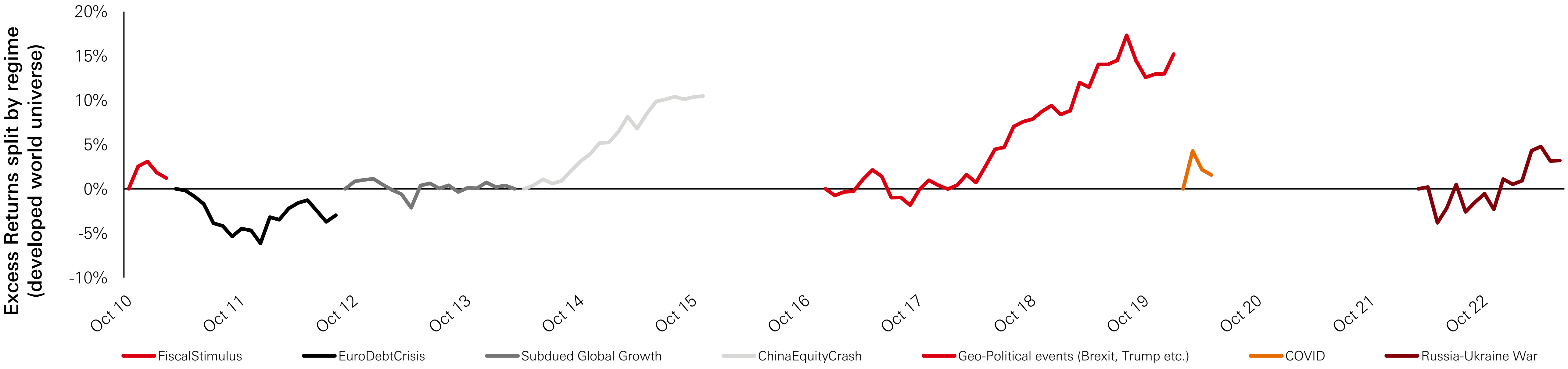
Q3 Q2 Q4 Q3 Q2 Q1 Q1 Q1 Q1 Q1 Q1 Q1 Q1 Q1

Q2 Q1 Q1 Q1

JSS Sustainable Equity Global Dividend
Portfolio Manager: Darryl Lucas

Barings Global Cautious Equity
Portfolio Manager: Darryl Lucas

HGIF Global Sustainable LT Equity
Portfolio Manager: Darryl Lucas



Keys risks : Emerging Markets Risk, Operational Risk, Counterparty Risk, Derivatives Risk, ESG risk, Investment Leverage Risk, Liquidity Risk

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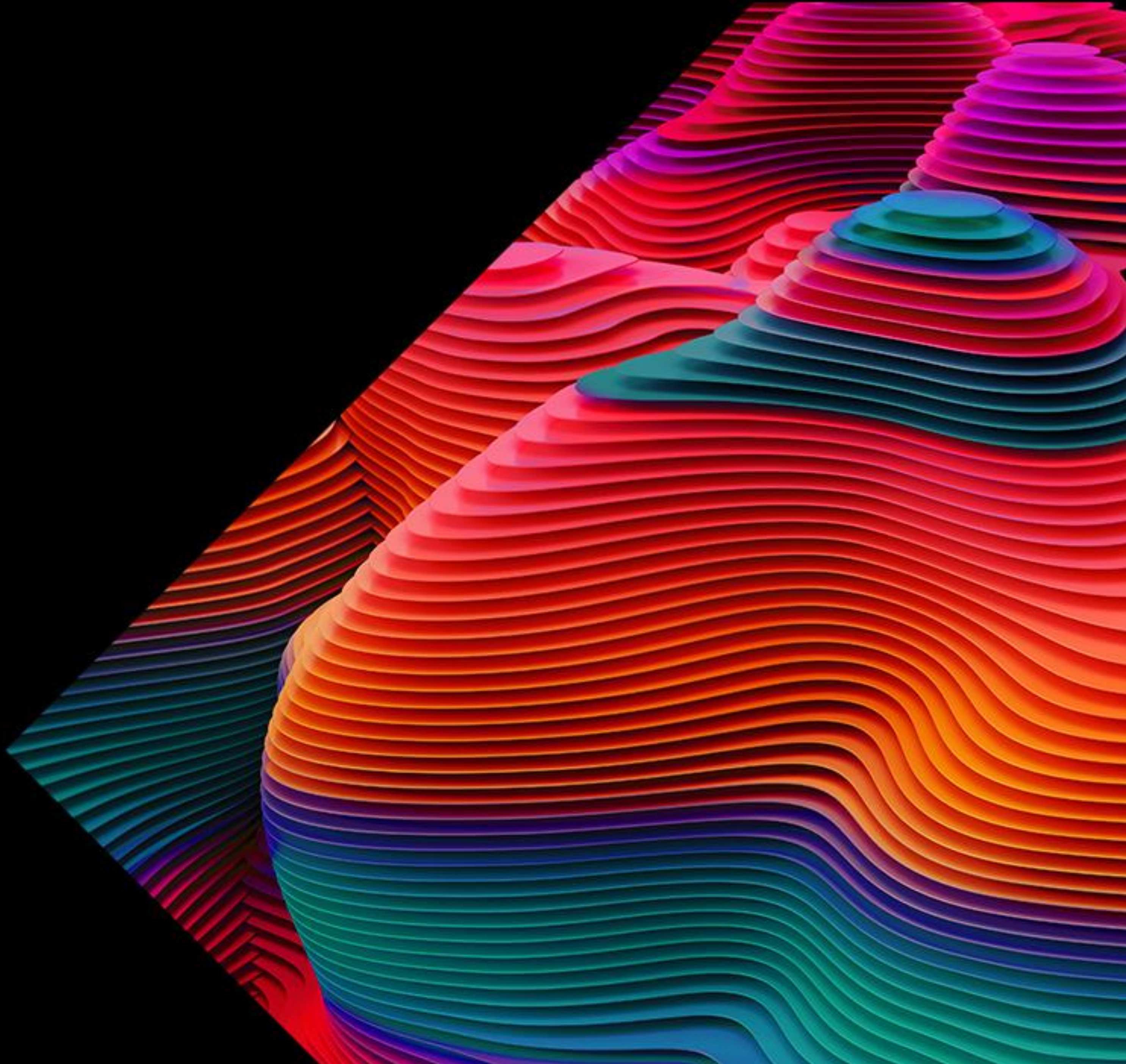
Source: HSBC Asset Management as at end of June 2023. Characteristics and weightings are for information only, are not guaranteed and are subject to change over time, and without prior notice, taking into account any changes in markets.

ESG research and integration



Driving growth through **investment innovation** with **strong standards**, and a focus on climate, biodiversity and DE&I.

Source: HSBC Asset Management. The commentary and analysis presented in this document reflect the opinion of HSBC Asset Management on the markets, according to the information available to date. They do not constitute any kind of commitment from HSBC Asset Management. Consequently, HSBC Asset Management will not be held responsible for any investment or disinvestment decision taken on the basis of the commentary and/or analysis in this document.

Today, we and many of our customers contribute to greenhouse gas emissions. This is why HSBC Asset Management, together with other asset managers, have an important role to play in supporting the transition to a net zero economy. Step by step, we are developing strategies to reduce our own emissions and to help our customers reduce theirs.

Our sustainable investment strategy

- We build sustainable investment solutions that facilitate the flow of capital from the world's leading investors to businesses and projects around the world that are driving the global transition to a sustainable economy

Our approach

- Developing emerging new asset classes that are climate critical
- Expanding on and growing transformational ones
- Repositioning traditional core investment approaches towards sustainability
- Embedding a Just Transition framework to lead and influence inclusive growth

What is ESG integration at HSBC Asset Management ?

ESG integration means incorporating environmental, social and governance factors into investment analysis. Understanding related risks and opportunities not only enhances decision-making but also helps addressing the most urgent challenges facing our planet today.

What is a sustainable investment according to Sustainable Finance Disclosure Regulation (SFDR)?

Sustainable investment is an investment in an economic activity that contributes **to an environmental objective** or an investment in an economic activity that contributes **to a social objective** provided that such investments **do not significantly harm** any of those objectives and that the investee companies follow **good governance practices**, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

The decision to invest in the strategy should take account of all the characteristics or objectives as described in the prospectus or equivalent document.
At HSBC Asset Management, we define sustainable investment strategies to be those that go beyond ESG integration to promote or deliver sustainability characteristics or outcomes. SFDR's definition of sustainable investment is an important aspect that we incorporate in our assessment framework.
Detailed information for article 8 and 9 sustainable investment products, as categorised under the Sustainable Finance Disclosure Regulation (SFDR), including; description of the environmental or social characteristics or the sustainable investment objective; methodologies used to assess, measure and monitor the environmental or social characteristics and the impact of the selected sustainable investments and; objectives and benchmark information,can be found in our website.
Source: HSBC Asset Management. For illustrative purposes only.

ESG integration at HSBC Asset Management

A collaborative process involving responsible investment experts, portfolio managers and analysts

1 | Double materiality

ESG double materiality adds the risks a company's activities pose to the environment and society to those that it potentially faces internally. We measure it through proprietary ESG risks scores and sustainable contribution scores.

- **ESG risks scores: pricing externalities** - determines which and to what extent E, S, and G factors are 'material' to the intrinsic value of a company or the risk of a country
- **Sustainability measurement** measure the nature and volume of ESG outcomes that a company provides to stakeholders and society
- Both scores can be measured at the issuer level and aggregated at the portfolio level

2 | Quantamental

Our approach **combines quantitative and qualitative assessment**

- The building process of ESG risks scores and sustainable contribution scores are designed and monitored by our 12 Virtual Sector Teams (VSTs), our sector focused centers of excellence.
- Our ESG analysis consists of ESG data provided by external vendors and companies themselves
- The scores' accuracy and financial relevance are assessed by our Quant teams i.e contribution to risk mitigation and alpha generation
- They are then backtested with the objective to deliver superior risk-adjusted returns to our clients

3 | Engagement

Two complementary approaches allow us to refine the quality of ESG data, deepen the understanding of investment cases and advocate good practices

- **Bottom-up approach** fully integrated in our investment process and driven by our credit and equity analysts
- **Top-down approach** based on strategic engagement themes and driven by our dedicated stewardship team

4 | Governance

A multi-tiered governance structure to ensure alignment of standards and implementation of Responsible Investment policies across our functions

- **Risk controls embedded in team investment processes**
- Outputs from VSTs feed the Asset Class ESG committees, which hold the responsibility of overseeing ESG implementation across investment processes, and the monitoring of risk and engagement progress
- Escalations to ESG Investment Committee, our highest Responsible Investment (RI) approval body, for decision making purposes

Source: HSBC Asset Management . For illustrative purposes only. Representative overview of the investment process, which may differ by product, client mandate or market conditions. The commentary and analysis presented in this document reflect the opinion of HSBC Asset Management on the markets, according to the information available to date. They do not constitute any kind of commitment from HSBC Asset Management . Consequently, HSBC Asset Management will not be held responsible for any investment or disinvestment decision taken on the basis of the commentary and/or analysis in this document.

Virtual Sector Teams - 12 sector-focused centers of excellence

Developing sector specific ESG insights to refine our investment framework

- **120+ investment professionals**[1] from equities, fixed income portfolio management and analyst teams, plus experts from the Responsible Investment team regrouped under 12 sectors, based across the globe
- Capture ESG sector specific knowledge across asset classes and multiple regions
- Factor in geographical specificities in sector reviews and engagement issues

12 sector focused centers of excellence

Energy 15 professionals	**Materials** 20 professionals	**Aerospace & Defense** 9 professionals	**Industrials** 21 professionals
Consumer Goods & Services 23 professionals	**Auto & Transport** 22 professionals	**Food & retailing** 18 professionals	**Healthcare** 17 professionals
Financials 26 professionals	**Tech / Media Telecom** 24 professionals	**Utilities** 21 professionals	**Real Estate** 18 professionals

… whose goal is to enhance risk-adjusted returns

Operational responsibilities:

- Prepare, discuss and review all Enhanced Due Diligences
- Evaluate ESG overrides: proprietary and vendors' scores

Research responsibilities:

- Conduct sector reviews
- Oversee sector checklist developments
- Pinpoint material issues: upside and downside
- Formulate engagement questions
- Derive proprietary scores combining vendors data and 'on the field experience'

1. Each investment professional can be involved in more than one Virtual Sector Team. Data as at 31 December 2022

Source: HSBC Asset Management . For illustrative purposes only. Representative overview of the investment process, which may differ by product, client mandate or market conditions.

Proprietary ESG measures

Double materiality

Purpose

Establish a proprietary scoring methodology that takes into account :

1. ESG risk scores
2. Sustainability measurement

By leveraging multiple third-party data sources combined with HSBC Asset Management's sector specific expertise.

Source: HSBC Asset Management as of September 2023. Representative overview of the investment process, which may differ by product, client mandate or market conditions. The commentary and analysis presented in this document reflect the opinion of HSBC Asset Management on the markets, according to the information available to date. They do not constitute any kind of commitment from HSBC Asset Management . Consequently, HSBC Asset Management will not be held responsible for any investment or disinvestment decision taken on the basis of the commentary and/or analysis in this document. The score figures displayed in the document relate to the past and past score should not be seen as an indication of future score.

1 **ESG risk score**

Defined as an assessment of the current and prospective ESG factors that investment teams deem material and can positively or negatively impact an issuer or invested asset.

ESG Risk Score

E	S	G
Climate Change	Health & Safety	Board Structure
Waste Management	Labor Relations	Corruption & Bribery
Biodiversity	Gender Diversity	Corporate Culture

(Examples of opportunities/ risks under each pillar)

Quantitative approach supplemented by VSTs judgement to determine E, S and G component scoring

2 **Sustainability measurement[1]**

Companies that meet at least one of the 3 criteria[2] will be considered as sustainable.

Sustainability measurement

Sustainable product & Services	Sustainable strategic alignment	Green, Social and Sustainable bonds
Quantitative score: Turnover %, CAPEX % ...	◆ Business models ◆ Sustainable Thematic ◆ Ambitions and practices ◆ Transition pathway	Specific use of proceeds

This assessment is primarily based on verifying alignment with the 17 UN SDGs. It also includes a "Do no significant harm" test while considering good governance.

1. Under SFDR: sustainable Contribution is a key feature of our Article 8 and Article 9 funds, with Article 9 funds requiring 100% being invested in sustainable issuers. In order to be considered sustainable, a company shall meet the high hurdles for sustainability measured via its products, services, operations, etc.
2. These three dimensions and respective thresholds or indicators may change over time depending, for example, on regulations change or clarifications, data availability, technological progress, etc.

ESG issues identification framework

Which and to what extent are E, S, and G factors 'material' to the intrinsic value of a company

For each sector, **key ESG trends and issues are identified and assessed.** We focus on those with a highest level of financial materiality and most relevant to our assessment of investee companies, which impact our understanding of their business case and ultimately our investment decisions.

Environmental Pillar			Social Pillar			Governance Pillar	
Climate & Net Zero	Biodiversity & Natural Capital	Circular Economy & Waste management	Human Capital	Responsible Products & Services	Social Inclusion & Just Transition	Corporate Behavior	Corporate Governance
Physical Climate Risk	Biodiversity & Ecological Impacts	Water & Wastewater Management	Health & Safety	Product/Service Quality & Safety	Access & Affordability	Critical Incident & Systematic Risk Management	Key Governance Issues
GHG Emissions & Energy Management	Raw Material Sourcing	Air Quality, Pollution & Toxic Waste	Labour Relations & Human Capital	Product/Service Governance & Responsibility	Just Transition	Business Ethics	Management of the Legal & Regulatory Environment
Climate Transition Risk & Green Solutions	Nature Based Solutions	Product Design & Lifecycle Management	Employee Engagement, Diversity & Inclusion	Data Security and Privacy	Basic & Essential Services	Corporate Culture	Reporting, Disclosures and Accounting
Net Zero Strategy	Sustainable Agriculture and Forestry	Circular Economy Solutions	Human Rights & Community Relations	Supply Chain Management	Social Solutions	Corruption & Instability	Sustainability & ESG Governance and Disclosure

Opportunity
Opportunity and/or Risk
Risk

Source: HSBC Asset Management as of December 2022. . For illustrative purposes only. Representative overview of the investment process, which may differ by product, Client mandate or market conditions. The score figures displayed in the document relate to the past and past score should not be seen as an indication of future score.

ESG risk scores support all investment decisions

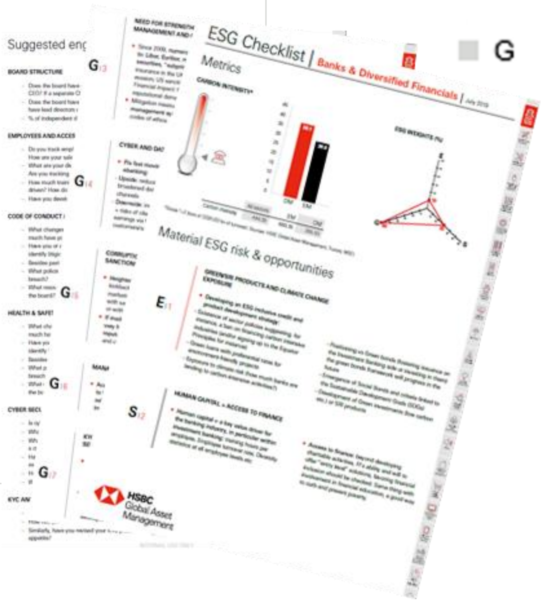
- ESG considerations systematically embedded to improve asset classes resilience: Equity, Fixed Income, Liquidity, Alternative, Multi-Asset
- **Proprietary ESG weighting specifically designed for each of the 12 sectors to reflect materiality**
- Ongoing ESG risk assessment involving enhanced due-diligence if required

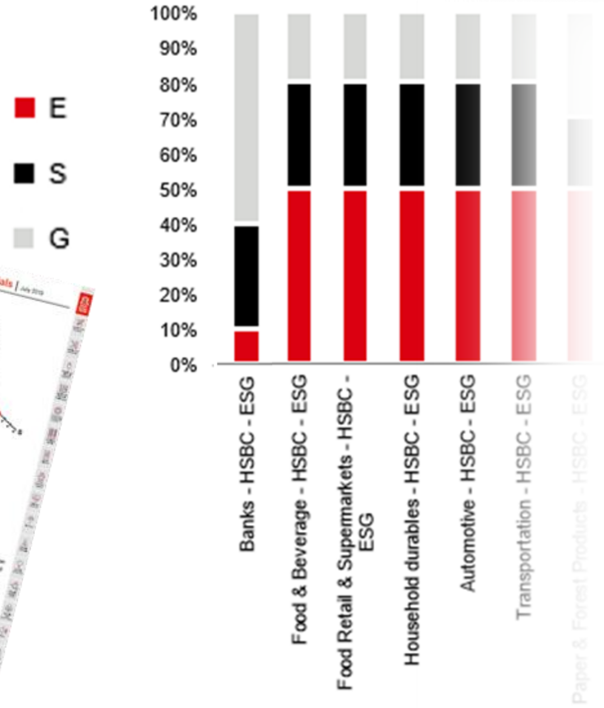
Weight ranges: E: [10 – 50%] S: [20 – 50%] G: [20 – 60%]

Example: checklist for the utilities sector

Emphasis on Environment

- How important are carbon assets to your business model?
- What percentage of your revenues/generating capacity comes from renewable sources of energy?
- What is your assumption for a long-term carbon price? Would you be able to pass on an increase in the carbon price to customers?
- Do you have a clear target in terms of carbon intensity reduction? In terms of future generation mix?
- How is environmental legislation affecting the company's business?
- How much do you spend on environmental issues, in terms of expenses and capital investment?





Source: HSBC Asset Management. For illustrative purposes only. Representative overview of the investment process, which may differ by product, Client mandate or market conditions. The score figures displayed in the document relate to the past and past score should not be seen as an indication of future score.

Sustainability measurement[1]

Assessing whether a company is sustainable

- Our methodology is primarily based on checking **alignment with the 17 UN SDGs in terms of net contribution or sustainable alignment** of business models, operational activities and company ambitions.
- The measurement also includes a "**Do No Significant Harm**" assessment while considering **good governance practices**

1 | Sustainable products and services

Quantitative score

- Net sustainable revenue or net projected sustainable revenue in 3-5 years aligned with the UN SDGs >=30%

2 | Sustainable strategic alignment

Proven & verified assessment

- Business models
- Sustainable Thematic
- Ambitions & practices
- Energy Transition pathway

3 | Green, Social & Sustainable bonds

Specific sustainable use of proceeds

- Clear and direct contribution to environmental and social objectives

SUSTAINABLE DEVELOPMENT GOALS

Do No Significantly Harm Exclusions

For Corporate issuers:

- Banned & controversial weapon score (2)
- Tobacco production revenue > 0% (3)
- Thermal coal extraction revenue > 10% (3)
- Thermal coal power generation revenue > 10% (3)
- UNGC = non-compliant (3)
- Highest Controversies Flag (3)

For Sovereign Issuers:

- Social Violation Flags (3)
- Any of the countries on the HSBC sanction list

Good governance assessment

The quality of governance is assessed on the basis of criteria specified in the investment process that include, but are not limited to, business ethics, corporate culture and values, governance framework, and corruption.

Focus on the governance framework, controversies, compliance with the UN Global Compact principles and the OECD Guidelines

1. Under SFDR product classification: sustainable contribution is a key feature of our Article 8 and Article 9 funds, with Article 9 funds requiring 100% being invested in sustainable issuers. In order to be considered sustainable, a company shall meet the high hurdles for sustainability measured via its products, services, operations, etc.
2. Data sources include ISS-Ethix
3. Data sources include Sustainalytics. Examples of controversies: activities related to child labour, major environmental damages, corruption & bribery, pollution…
4. The United Nations Global Compact is a voluntary initiative based on CEO commitments to implement universal sustainability principles and to undertake partnerships in support of UN goal - https://unglobalcompact.org/

Source: HSBC Asset Management. For illustrative purposes only. Representative overview of the investment process, which may differ by product, Client mandate or market conditions.

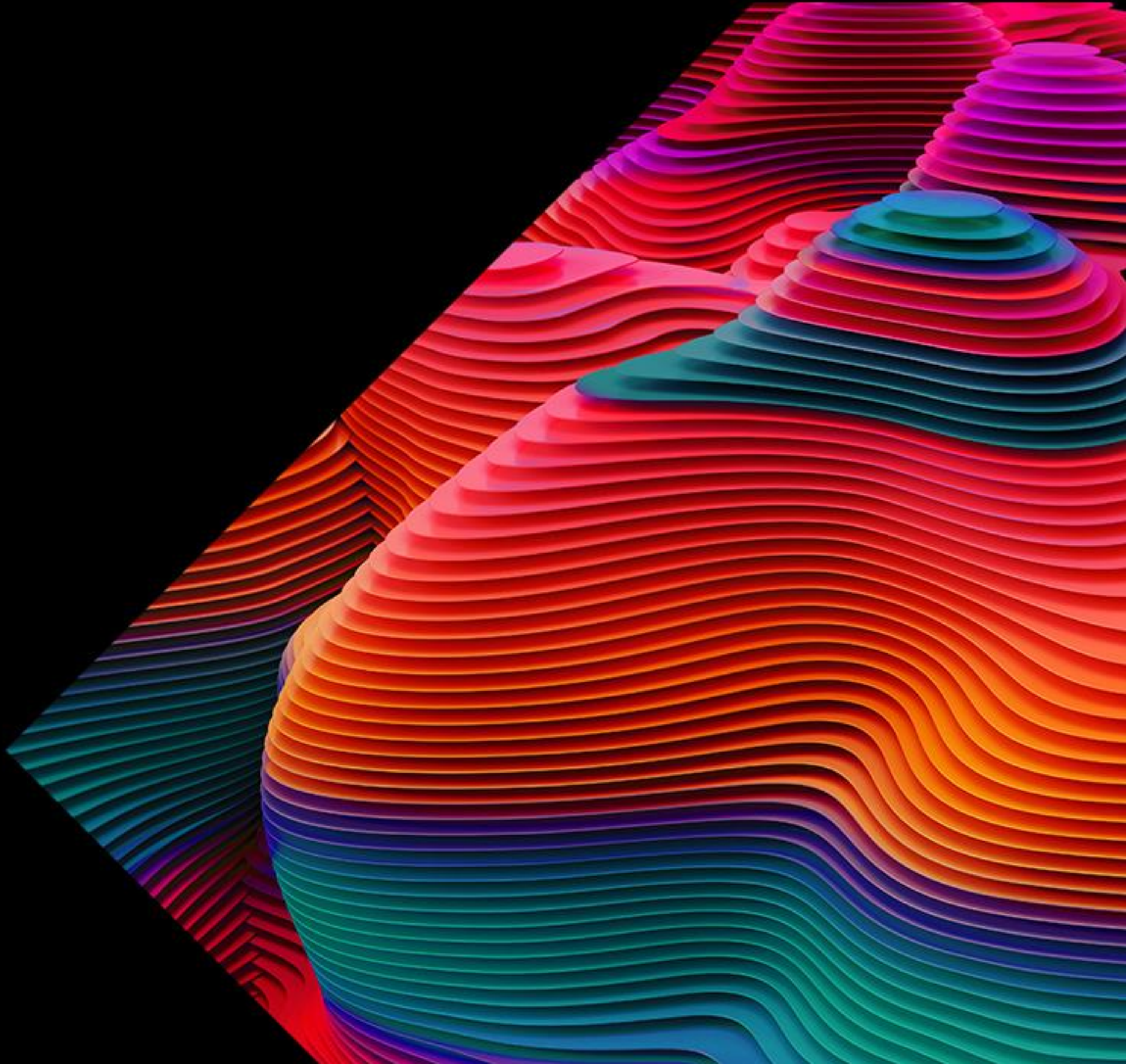
And what about countries’ ESG materiality?

We developed a holistic analytical framework for ESG issues faced by countries

	Risk	Description
Environmental	Climate change and energy transition	• Countries have to tackle with these challenges through setting clear plans to reduce green house gas (GHG) emissions. This relies greatly on implementing restrictive ESG emissions limitations (through shifting towards hybrid or electric vehicles for instance) and/or amendments to the country's energy and policy mix through reducing fossil fuel exposure in favour of renewables or better controlling grid and feed-in tariffs
	Environmental externalities	• Countries ought to strengthen their preparedness - and prevention processes - in order to deal with ever frequent weather events: storms, floods… causing multiple costly damages
	Biodiversity protection	• Countries should monitor their level of artificialization and also preserve aquifers/fresh water resources, forestry and coastal areas and make sure pollution prevention control legislations are enforced
	Resources & Waste management	• Countries should enforce raw materials consumption reduction measures and also develop circular economy practices through developing recycling of plastics, metals …
Social	Labour practices	• This encompasses the development of fair labour practices, aligned with both Sustainable Development Goals (SDGs) and International Labour Organization (ILO) principles: avoidance of child labour, forced labour or any kind of modern slavery is the starting point. Then, encouraging the right to collective bargaining, free trade unions, work hours limitations, existence of paid leaves, sound retirement schemes, minimum wages ... are elements to scrutinize as their absence or inadequacy can lead to major social unrest
	Healthcare system & social security	• Access to medicines, affordable healthcare, ensuring all population can be cured and/or can get an easy access to a physician, existence of social benefits … are criteria to consider, especially in the light of the current COVID 19 pandemics. All these aspects are clearly defined by WHO
	Education	• Ensuring that everybody can get an access to education is a key factor to allow country's human capital to be developed. This, associated with technical readiness is crucial to ensure country's future wealth. From this standpoint, avoiding any digital divide has become absolutely crucial
Governance	Corruption & bribery	• Here the question is to know whether a country has a legal and prevention framework to alleviate corruption and bribery, something highlighted by UNGC and one of the 17 SDGs
	Institutions, Judicial & penal System	• Existence of a structured judicial and penal systems, should be one of the foundations of a well structured country with human rights defense in mind
	Government effectiveness	• Government ability to take the right economic and political decisions is one of the keys to a country's harmonious development, attractiveness and competitiveness in the context of a global economy

Source: HSBC Asset Management. Any views expressed were held at the time of preparation and are subject to change without notice.

ESG oversight



HSBC Global Sustainable Long Term Equity

Sustainability assessment oversight

Sustainability-ness assessment/score

Q1-2022

- Key differentiator;
  - Proprietary score, sustainability-ness assessment oriented around alignment to Sustainable Development Goals/sustainable themes.
  - Establishment of an eligible sustainability universes that are typically product specific, based on proprietary metrics including;
    - Sustainable contribution score OR
    - Qualitative Sustainability Assessment
    - Do No Significant Harm
  - Strong governance of eligible universe leveraging first and second lines
  - On-going monitoring and governance of funds alignment to sustainable objectives (and metrics)

RI with Investment Teams

Generate White List:

Generate White List:

1. White list = list of eligible securities deemed as 'sustainable'. This will be the eligible universe for Article 9 funds and within the SI% of Article 8 funds.
2. White List Master List will be built based on Quantitative Sustainability Scores, Qualitative Research Method(s)
3. Investment teams with VSTs will generate and maintain Master Article 9 White List on an on-going basis.
4. Investment teams to liaise with VSTs in instances to ensure sufficient coverage of issuers

1LOD Risk Owner: Head of ESG Integration

Output: White List (initial draft)

Asset Class ESG Committees

- **Review eligible universe**

Review eligible universe:

1. Final White List shared with Asset Class ESG Committee to review
2. Investment teams to agree to white list and/or offer suggested revisions/ overrides
3. Changes to white list shall be discussed, corroborated and verified by asset class CIOs
4. Head of ESG Integration to confirm final white list alignment across asset classes
5. Share final list with Investment Restrictions team for system coding

1LOD Risk Owner: Asset Class CIOs

Output: White List (final draft)

ESG Oversight Committee

Fund validation:

Fund validation:

1. Review of Article 9 model portfolios
2. Assess qualitative and quantitative assessments of issuers
3. Ensure issuer names are aligned to SFDR 9 Framework requirements
4. Review evidencing provided by analysts on sustainability characteristics/ issuers

Output: Master Override Log

Output: Model Portfolios

Sustainable Portfolio Review Committee

On-going Fund Monitoring:

On-going Fund Monitoring:

1. Review of Article 9 model portfolios
2. Assess qualitative and quantitative assessments of issuers
3. Ensure issuer names are aligned to SFDR 9 Framework requirements
4. Review evidencing provided by analysts on sustainability characteristics/ issuers

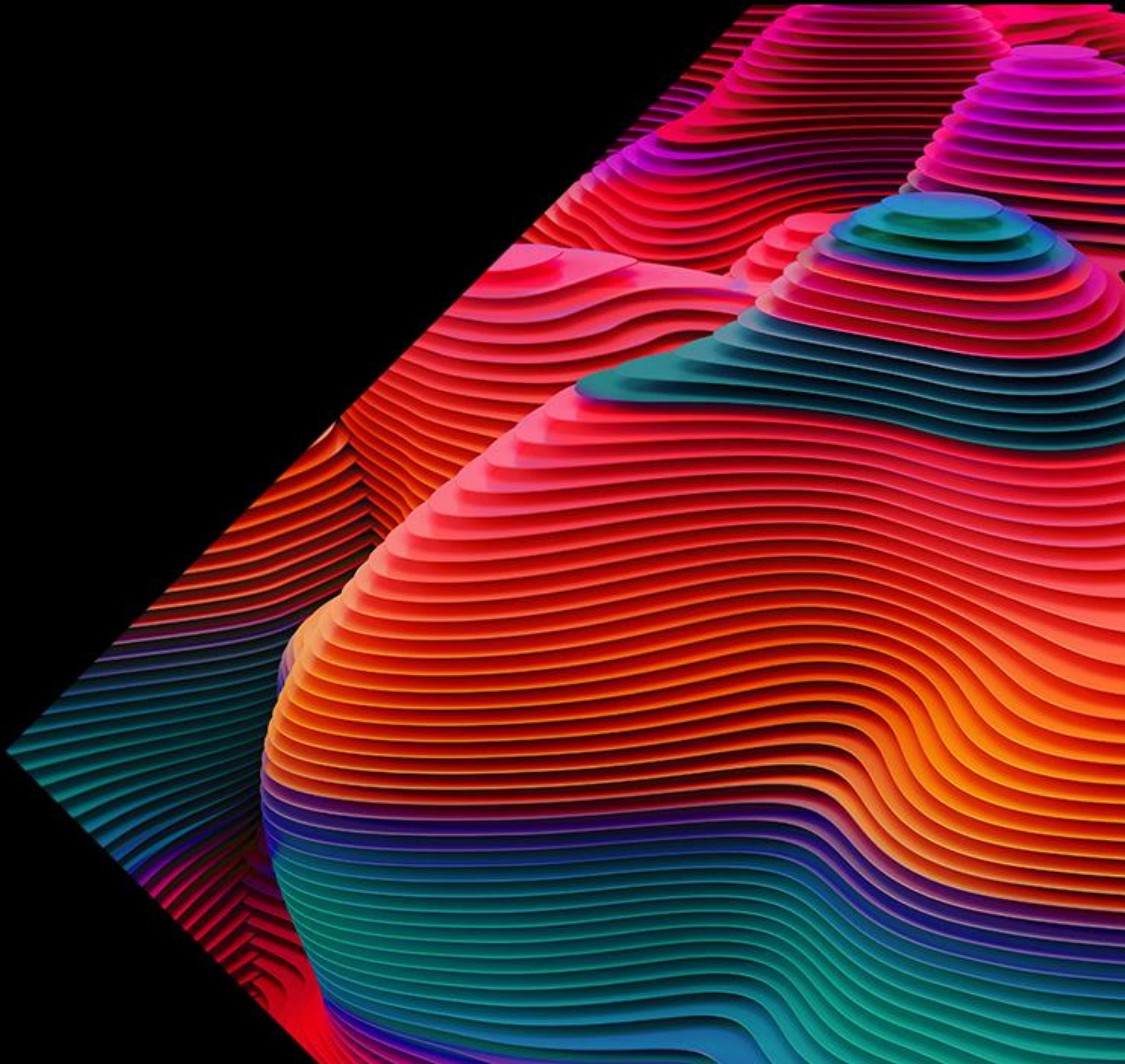
1LOD Risk Owner: Investment Teams

Output: Active Strategy

Keys risks : Emerging Markets Risk, Operational Risk, Counterparty Risk, Derivatives Risk, ESG risk, Investment Leverage Risk, Liquidity Risk

Source : HSBC Asset Management – March 2024. Representative overview of the investment process, which may differ by product, client mandate or market conditions.

Risk oversight



Three lines of defence model

First Line

Responsible for identifying, recording, reporting and managing risks, and ensuring that the right controls and assessments are in place to mitigate these risks

Pre-trade/Trade

Risk Calibration
- Agree fund by fund specific risk metrics considering:
  - Fund objectives, including performance and volatility
  - Investment strategies employed
  - Liquidity and number of holdings

Portfolio managers
- Validation of investment and credit guidelines
- Fundamental and valuation recommendations
- Security eligibility and markets

Dealing process
- Coherence of orders
- Counterparty risks
- Pre-trade checks (limits, counterparties, issuers, instruments, etc.)

Portfolio Risk
- Pre-trade checks for consistency with in-house guidelines, client and regulatory limits1

Post-trade

Middle Office
- Daily valuation reconciliation
- Trades and positions control; reconciliation with valuation agent, custodian and clearer

Portfolio Managers
- Monitor risk guidelines and portfolio constraints
- Monitor market risks
- Quantitative risk metrics
- Decide on rebalancing

Research[2]
- Monitor economic and credit events
- Investment universe

Business Risk[2]
- Facilitate the Risk and Control Assessment Process
- Implement on-going testing of key business controls

Portfolio Risk/Control
- Post-trade checks for consistency with in-house guidelines, client and regulatory limits[1]
- Monitoring investment decisions coherence with portfolios' objectives
- Daily, monthly and quarterly monitoring of investment guidelines and restrictions[1]
- Portfolio analytics, including performance, risk and attribution

Second Line

Risk specialists who set policy and guidelines for managing risk, and provide advice and guidance on effective risk management

Investment & Market Risk

Risk Management
- Oversees all aspects of risk and monitors responses to risk events

Portfolio Risk/Compliance
- Analysis of risk framework. Determination and monitoring of key risk metrics for each fund (e.g. TE, VaR, duration, etc.)
- Validate front office models
- Monitors performance and return volatility
- Pre- and post-trade checks for consistency with in-house guidelines, client and regulatory limits[1]

Liquidity and Counterparty Risk
- Agree liquidity framework for all funds
- Approval of all counterparties and control of exposure limits
- Liquidity monitoring, including any regulatory requirements

Risk & Compliance

- Advising on and setting policies and procedures
- Identifying and assessing significant risk areas
- Providing business with advice and support
- Oversight and monitoring of business activities
- Supporting the business to meet changing regulation

Operational Risk
- Define the overall policy for operational risk management and provide advice and guidance on this
- Ensure the business is run in accordance with risk appetite, through monitoring, reporting and challenge

Third Line

Independently ensures the effective management of risk

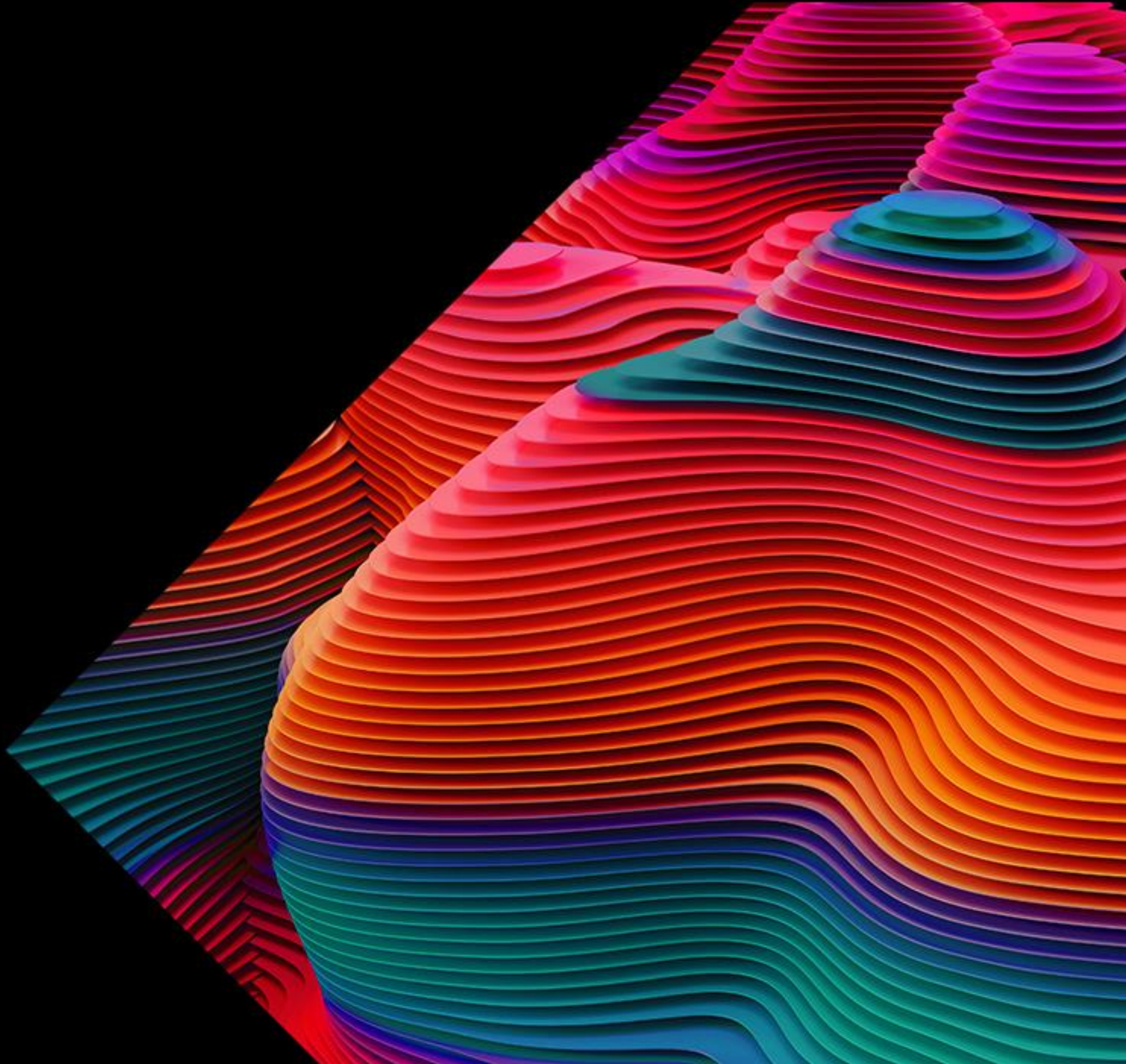
Internal Audit

HSBC's Audit
- Thematic audits
- Regular on-site audits
- Follow up of audit recommendations

1. Primary responsibility for adherence lies with the portfolio managers. The tools used may be run by or supported by first or second line functions depending upon local structures.
2. Predominantly post-trade, but also undertaken pre-trade where appropriate.

Source: HSBC Asset Management, as at 30 June 2023. For illustrative purposes only. Representative overview of the investment process, which may differ by product and or asset class, client mandate or market conditions. HSBC Asset Management and HSBC Group have committees at business, country, regional and global levels to oversee risk exposures against risk appetite and the effective operation of the control environment.

GIPS® Report

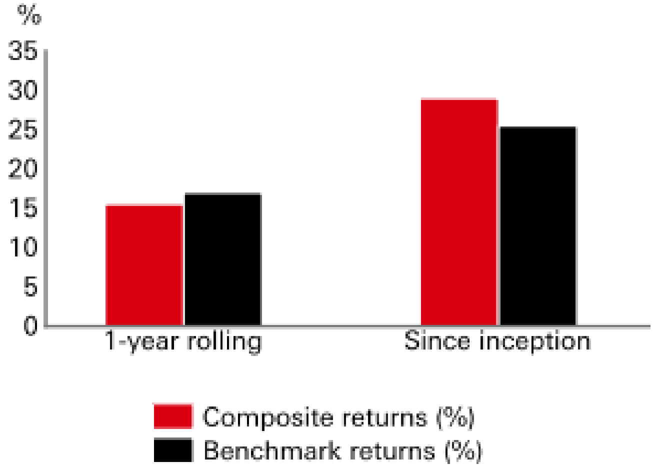


Equity Global Sustainable Long Term Equity

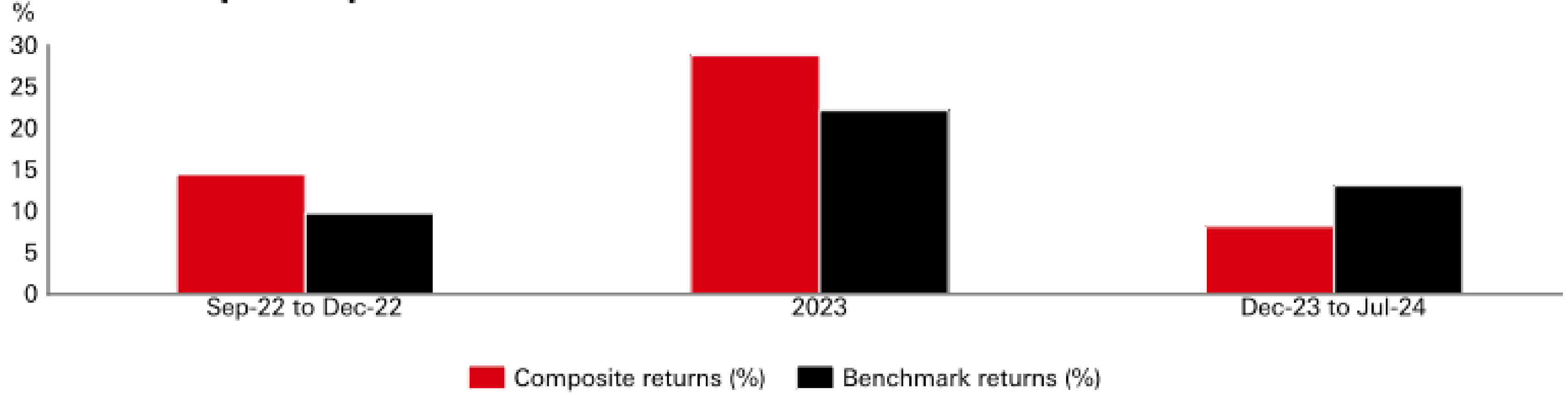
GIPS® report to 31 July 2024

Benchmark name:	MSCI AC World Net (652)
Inception date:	30 September 2022
Reporting currency:	USD
Return type:	Gross

Annualised returns



Annual and partial periods



Period	Composite returns (%)	Benchmark returns (%)
1-year rolling	15.56	17.02
Since inception	29.02	25.52

	Returns		Accounts and dispersion			Risk, 3-year standard deviation		AUM		
Year	Composite returns (%)	Benchmark returns (%)	Accounts at end	90th percentile returns	10th percentile returns	Composite volatility	Benchmark volatility	Composite at end (m)	% firm assets	Total firm at end (m)
Dec-23 to Jul-24	8.15	13.10	≤5	8.15	8.15			148.24		
2023	28.86	22.20	≤5	28.86	28.86			104.08		
Sep-22 to Dec-22	14.49	9.76	≤5	14.49	14.49			10.40	0.00	399,106.53

GIPS® report to 31 July 2024

HSBC Asset Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. HSBC Asset Management has been independently verified for the periods 1 January 2006 through 31 December 2022. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

The composite creation date is 28/09/2022

A list of composite descriptions, a list of limited distribution pooled fund descriptions, and a list of broad distribution pooled funds are available upon request. The Firm's policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request.

Prior to 2011, HSBC Asset Management maintained eight distinct GIPS Firms. The Firms were defined by legal business entity. All existing group Firms were thereafter amalgamated into a single global Firm definition. Historical performance shown prior to January 1, 2006 reflects the performance of a legacy Firm GIPS composite.

HSBC Asset Management (the Firm) consists of discretionary accounts and sub-accounts managed as discrete mandates within specified local HSBC Asset Management entities. The Firm comprises the following: HSBC Global Asset Management (Deutschland) GmbH, HSBC Global Asset Management (Hong Kong) Limited, HSBC Global Asset Management (USA) Inc., HSBC Global Asset Management (France), HSBC Global Asset Management (Canada) Limited, and HSBC Global Asset Management (UK) Limited, inclusive of authorised mutual funds and mandates investing primarily in Securitised Credit (known as Asset Backed Securities (ABS) until April 2022) and Infrastructure Debt & Equity managed in these locations. The firm excludes all other portfolios and funds managed by the Alternative Investments and Securitised Credit teams (with the exception of Securitised Credit and Infrastructure Debt & Equity funds referenced herein), LDI products, French regulated employee (FCPE) schemes, and private client accounts as these products operate under a materially different philosophy and process and/or regulatory environment.

The Equity Global Sustainable Long Term Equity Composite contains all discretionary accounts that aim to provide long term capital growth by investing in a concentrated portfolio of equities of companies that may benefit over the long term from the transition to a more sustainable global economy. The strategy will have exposure to both developed markets and Emerging Markets.

Performance returns are calculated gross of investment management fees and other non-trading related expenses. Gross returns were used to calculate all risk measures presented in this GIPS Composite Report.
The performance presented in this composite report is calculated net of unreclaimable withholding taxes.

Warnings: The historical performance presented in these reports should not be seen as an indication of future performance; The value of your investment and any income from it can go down as well as up. Where overseas securities are held the rate of exchange may cause the value of the investment to go down as well as up.Investors should also be aware that other performance calculation methods may produce different results, and that the results for specific portfolios and for different periods may vary from the returns presented in these reports; Comparisons of investment returns should consider qualitative circumstances and should be made only to portfolios with generally similar investment objectives. In the USA, this information is intended for use solely in one-on-one presentations.

The dispersion of the returns are measured by the spread of gross returns from individual portfolios within a composite. The dispersion of returns are measured by the percentiles of gross portfolio returns represented within the composite.

The GIPS Total Firm AUM is calculated and shown on a quarterly basis.

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'Global' was removed from the Firm name effective 01 December 2021 as part of rebranding, and does not affect the composition of the firm or the strategies managed within it.

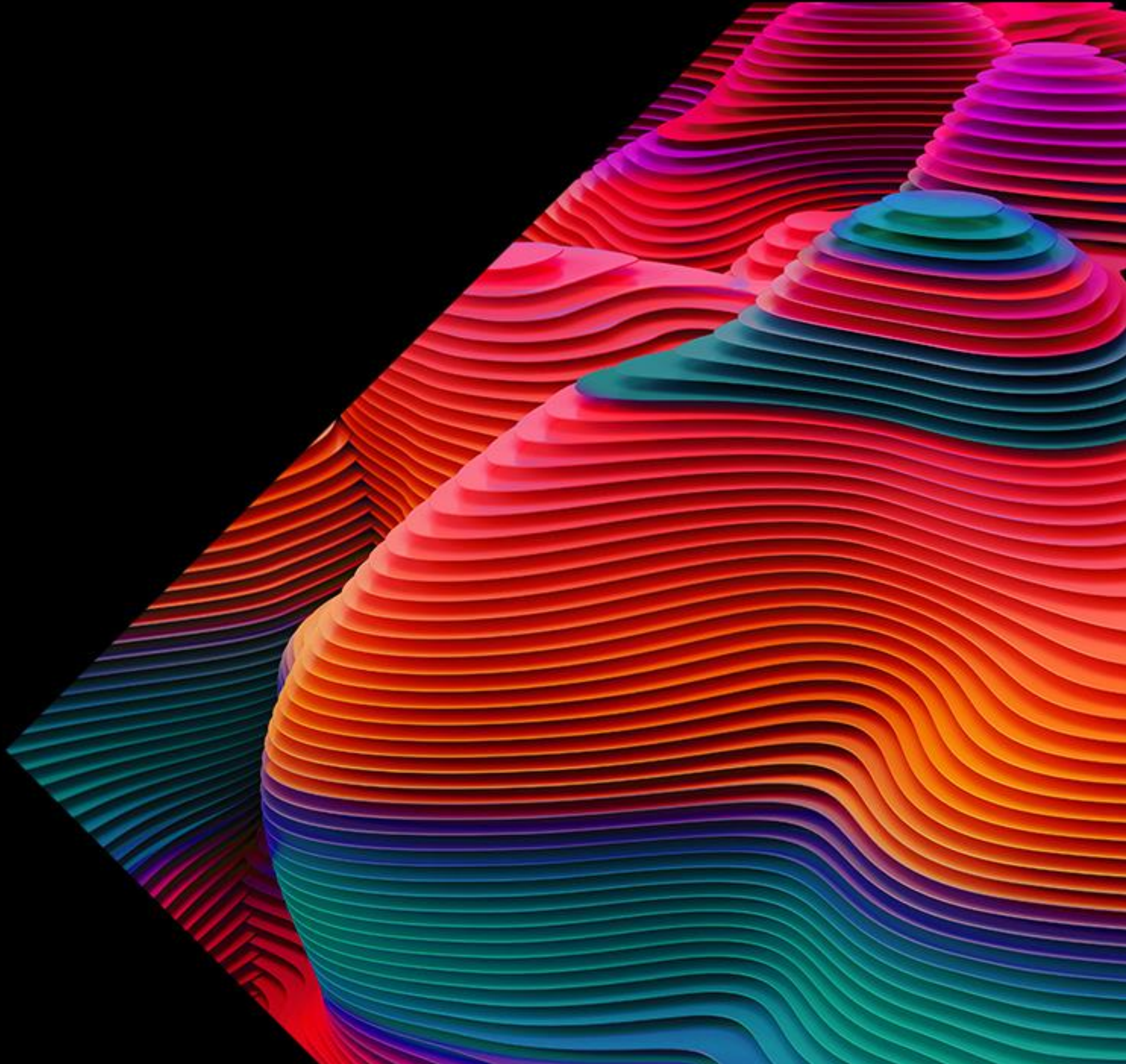
HSBC Asset Management (the Firm) claims compliance with the Global Investment Performance Standards (GIPS®).

Equity Global Sustainable Long Term Equity - Disclosures

GIPS® report to 31 May 2024

The standard annual investment management fee schedule for separately managed institutional accounts is as follows: 0.60% of assets per annum for the first $100 million, 0.50% for $100 - $250 million, 0.40% for $250-$500 million, 0.35% for the balance over $500 million. Minimum AUM of $50 million.

Important information



HSBC GIF Global Sustainable Long Term Equity's non-financial characteristics

Sustainable investment objective	◆ A minimum of 90% of its net assets in equities and equity equivalent securities of Sustainable Companies that actively contribute to United Nations Sustainable Development Goals.
ESG approach (1)	◆ Best in class
SFDR Classification	◆ Article 9
Investment Strategy	◆ Investment into a concentrated portfolio of companies that actively contribute to United Nations Sustainable Development Goals, including, but not limited to, Climate Action, Affordable and Clean Energy, Clean Water and Sanitation, Good Health and Well Being and Reduced Inequalities. ◆ Responsible business practices in accordance with UN Global Compact and OECD Principles for businesses. ◆ Identification and analysis of a company's environmental characteristics including, but not limited to, physical risks of climate change and human capital management. ◆ Active consideration of environmental issues through engagement and proxy voting.
Exclusions	
Principal Adverse Impacts (PAIs) (2)	◆ Greenhouse gas intensity of investee companies ◆ Violation of UNGC and OECD principles ◆ Share of investment involved in controversial weapons
SRI (3)	◆ 4/7
Mains risks	◆ Emerging Markets Risk, Operational Risk, Counterparty Risk, Derivatives Risk, ESG risk, Investment Leverage Risk, Liquidity Risk
AMF Doctrine (French regulation)	◆ Non compliant

Article 9 SFDR : the product has a sustainability objective.
(1) ESG approach based on GSIA definitions, click here for more details
(2) For information on the PAI definitions, please refer to website
(3) The SRI (Summary Risk Indicator) is an overall indicator of the product risk level. The scale varies from 1 (least risky) to 7 (most risky). Historical data may not be a reliable indication for the future. The rating is not guaranteed to remain unchanged and the categorisation may shift over time. The lowest rating does not mean a risk-free investment. Do not run any unnecessary risk. Read the Key Information Document. If SRI>=4, add The fund has a high risk indicator. The value of investments can go up as well as down.
More information on HSBC AM Responsible Investment Policy available on our website. The decision to invest in the promoted fund should take into account all the characteristics, objectives and limitation of the promoted fund as described in its prospectus, pre-contractual disclosure and Key Investor Information for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852).

Key risks

The value of investments and any income from them can go down as well as up and investors may not get back the amount originally invested.

- **Counterparty Risk:** The possibility that the counterparty to a transaction may be unwilling or unable to meet its obligations.
- **Derivatives Risk:** Derivatives can behave unexpectedly. The pricing and volatility of many derivatives may diverge from strictly reflecting the pricing or volatility of their underlying reference(s), instrument or asset.
- **Emerging Markets Risk:** Emerging markets are less established, and often more volatile, than developed markets and involve higher risks, particularly market, liquidity and currency risks.
- **Exchange Rate Risk:** Changes in currency exchange rates could reduce or increase investment gains or investment losses, in some cases significantly.
- **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.
- **Liquidity Risk:** Liquidity Risk is the risk that a Fund may encounter difficulties meeting its obligations in respect of financial liabilities that are settled by delivering cash or other financial assets, thereby compromising existing or remaining investors.
- **Operational Risk:** Operational risks may subject the Fund to errors affecting transactions, valuation, accounting, and financial reporting, among other things.
- **ESG risk** : "sustainability risk" means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.
- **SRI** (summary risk indicator) : **4/7.** The SRI (Summary Risk Indicator) is an overall indicator of the product risk level. The scale varies from 1 (least risky) to 7 (most risky). Historical data may not be a reliable indication for the future. The rating is not guaranteed to remain unchanged and the categorisation may shift over time. The lowest rating does not mean a risk-free investment. Do not run any unnecessary risk. Read the Key Information Document. The fund has a high risk indicator. The value of investments can go up as well as down.

Further information on the potential risks can be found in the Key Information Document (KID) and/ or the Prospectus or Offering Memorandum.

Important information

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Any forecast, projection or target where provided is indicative only and is not guaranteed in any way.
Past performance is no guarantee of future returns. Future returns will depend inter alia on market developments, the fund manager's skill, the fund's level risk and management costs and if applicable subscription and redemption costs. The return, the value of money invested in the fund may become negative as a result of price losses and currency fluctuations. There is no guarantee that all of your invested capital can be redeemed. Unless stated otherwise, inflation is not taken into account.

HSBC GIF Global Sustainable Long Term Equity is a sub fund of HSBC Global Investment Funds, a Luxemburg domiciled SICAV. Before subscription, investors should refer to Key Information Document (KID) of the fund as well as its complete prospectus. For more detailed information on the risks associated with this fund, investors should refer to the complete prospectus of the fund. The shares of HSBC Global Investment Funds have not been and will not be offered for sale or sold in the United States of America, its territories or possessions and all areas subject to its jurisdiction, or to United States Persons.

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Tax on Stock Exchange transactions: this tax ("taxe sur les opérations de bourse" or "TOB") is due by Belgian resident taxpayers on redemptions and conversions (i.e. share/unit classes switch) related to capitalisation shares of investment companies (i.e. funds with legal personality such as SICAVs) that are registered with the FSMA. In such cases, the applicable TOB rate is 1,32% (with a maximum amount of EUR 4,000 per transaction).
The TOB is also due on secondary market transactions (i.e. purchases and sales) of distributing and capitalising shares and units of ETFs and trackers established as investment companies or on a contractual funds. In these cases, the TOB may be due at the rate of 0.12% (cap: EUR 1,300), 0.35% (cap: EUR 1,600) or 1.32% (cap: EUR 4,000) depending on the features of the Fund.
Belgian savings tax: Individual investors will subject to 30% withholding tax on the distribution of dividends (distribution share) and / or the capital gain generated on the sale shares (capitalization share and / or distribution) of the Fund :
- having more than 25% of receivables in the portfolio for the shares acquire before January 1, 2018
- having more than 10% of receivables in the portfolio if the units have been acquired from January 1, 2018

Consequently, HSBC Asset Management will not be held responsible for any investment or disinvestment decision taken on the basis of the commentary and/or analysis in this document. All data from HSBC Global Asset Management (France) unless otherwise specified. Any third party information has been obtained from sources we believe to be reliable, but which we have not independently verified.

For investors in Sweden:
Past performance is no guarantee for future returns. The value of the money invested in the fund can increase or decrease and there is no guarantee that all of your invested capital can be redeemed.

For investors in Norway:
The HSBC GIF Global Sustainable Long Term Equity Fund is registered for marketing in Norway pursuant to the UCITS Directive, as implemented in Norway. The fund has been notified the Norwegian Financial Supervisory Authority (Nw: Finanstilsynet) in accordance with section 9-3 of the Norwegian Securities Funds Act of 2011.

For investors in Denmark:
The Danish Financial Supervisory Authority has received proper notification of the marketing of units or shares in HSBC GIF Global Sustainable Long Term Equity Fund to investors in Denmark in accordance with the Danish Investment Associations Act and the executive orders issued pursuant thereto. This HSBC GIF Global Sustainable Long Term Equity Fund does not constitute a prospectus under Danish securities law and consequently has not been filed with, nor is approved by, the Danish Financial Supervisory Authority. Any resale of units or shares in HSBC GIF Global Sustainable Long Term Equity Fund to investors in Denmark will constitute a separate offer of the units or shares under Danish securities law, including its prospectus regulation, and accordingly such resale must either (i) not constitute a public offering of securities in Denmark or the admission of securities to trading on a regulated market within the meaning of the Danish Capital Markets Act or any executive orders issued pursuant thereto, or (ii) only be completed in reliance on one or more of the exemptions from the requirement to prepare and publish a prospectus in the Danish Capital Markets Act or any executive orders issued pursuant thereto.

For investors in Finland:
The shares units in the HSBC GIF Global Sustainable Long Term Equity Fund may not be marketed, offered or sold, directly or indirectly, to any resident of the Republic of Finland or in the Republic of Finland, except pursuant to applicable Finnish laws and regulations. Specifically, the units in the HSBC GIF Global Sustainable Long Term Equity Fund may not be marketed, offered or sold, directly or indirectly, to the public in the Republic of Finland, except pursuant to the Finnish Act on Common Funds (213/2019, as amended), the Finnish Act on Alternative Investment Fund Managers (162/2014, as amended) or the Finnish Securities Market Act (746/2012), as amended. This HSBC GIF Global Sustainable Long Term Equity Fund Memorandum is strictly for private use by its recipients and may not be passed on to third parties or otherwise distributed publicly. This HSBC GIF Global Sustainable Long Term Equity Fund memorandum has not been approved by the Finnish Financial Supervisory Authority.

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Non contractual document, updated on : 19/09/2024

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