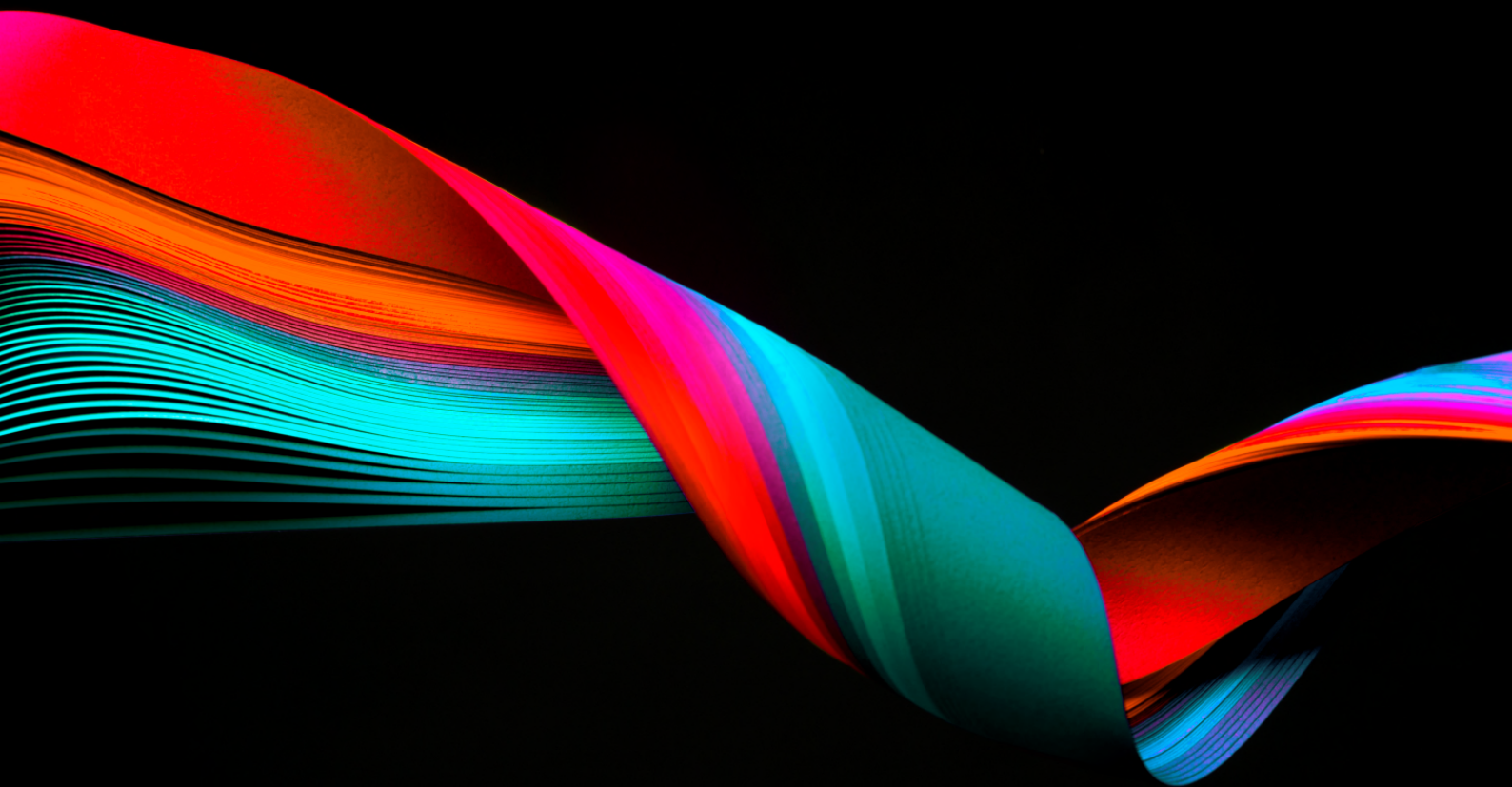


HSBC Global Asset Management (France)

BEST EXECUTION POLICY

September 2024



Objective

The objective of this order execution policy is to describe how HSBC Global Asset Management (France) takes all sufficient steps to obtain the best possible results for clients when making dealing decisions on their behalf, as required by applicable legislation (including but not limited to the UCITS Directive, AIFMD and MIFID 2) and HSBC Group policies.

Summary

HSBC Global Asset Management (France) is authorized to provide discretionary portfolio management services to its clients. That comprises making investment decisions (i.e. stock selection and portfolio construction decisions, consistent with a client's investment objective and restrictions) and dealing decisions (i.e. placing or executing an order with a dealing counterparty, pursuant to an investment decision).

When making dealing decisions in relation to financial instruments or spot foreign exchange ('spot FX'), HSBC Global Asset Management (France) is required to take all sufficient steps to obtain the best possible results for its clients ('Best execution').

HSBC Global Asset Management (France) seeks to obtain best execution on a consistent basis, although that may not always be possible for each and every order.

HSBC Global Asset Management (France) is required to obtain best execution for all of its clients, irrespective of where they are based.

If HSBC Global Asset Management (France) delegates all or part of a discretionary portfolio management mandate to another entity, then HSBC Global Asset Management (France) must ensure that the delegate can obtain equivalent best execution as set out in this policy.

Dealing decisions

Unless otherwise noted below, HSBC Global Asset Management (France)'s Dealing Team is responsible for dealing decisions and therefore for obtaining best execution, including by:

- ◆ Deciding the prioritization of execution factors in relation to an order, i.e. price; cost; speed; the likelihood of execution and settlement; the size of the order; the nature of the order; or any other consideration relevant to the execution of the order. The Dealing Team generally prioritizes price above other factors. The Dealing Team may reprioritize the factors, for example in consultation with the Investment Team, but retains responsibility for obtaining best execution and remains functionally independent of the Investment Team. If a dealing decision is made on behalf of a retail client, then the Dealing Team prioritizes the total consideration of the order.
- ◆ Deciding whether to place or execute an order; which dealing counterparty to use; and how much to pay a dealing counterparty for its services. The Dealing Team makes such decisions independently of any other commercial relationship between HSBC Global Asset Management (France) and the dealing counterparty, including whether HSBC Global Asset Management (France) procures research from the dealing counterparty.
- ◆ Transmitting an order to a dealing counterparty; monitoring the progress of the order (which the Dealing Team might amend, for example because of changes in market activity, pricing and accessible liquidity); and transmitting the filled order to the Middle Office Team to enable post-trade matching and settlement.
- ◆ Monitoring orders post-trade, in order to identify potential improvements to the order execution process.

In case of major difficulty in order execution like a system failure or severe market disruption, HSBC Global Asset Management (France) might not be able to execute an order in accordance with this policy. In these particular cases, HSBC Global Asset Management (France) would activate its back-up solutions in accordance with the internal procedures.

Financial instruments and spot FX

HSBC Global Asset Management (France) is responsible for obtaining best execution in relation to orders for the following products:

- ◆ Equities;
- ◆ Fixed income securities;
- ◆ Money market instruments;
- ◆ Securities financing transactions;
- ◆ Collective investment schemes;
- ◆ Exchange traded funds;
- ◆ Exchange traded derivatives;
- ◆ Non exchange traded derivatives;
- ◆ Spot FX

Equities

The Dealing Team has primary responsibility for obtaining best execution in relation to orders for equities.

The Dealing Team generally prioritises price over other execution factors, subject to any instructions it may receive from the Investment Team. For example, the Investment Team may request the Dealing Team: to complete an order by the end of the day (prioritising speed); to complete an order over a period of days (prioritising size); complete an order subject to a price limit (prioritising price); or to make two orders, say a purchase and a sale, contingent upon one another (prioritising portfolio construction). The Dealing Team may discuss these instructions with the Investment Team in order to minimise market impact, i.e. even if price is deprioritised, it still remains an important factor.

The Dealing Team is responsible for deciding whether to place or execute an order with a dealing counterparty. Equity orders are generally placed with dealing counterparties, although may be executed (for example, with a dealing counterparty organised as multilateral trading facility).

The Dealing Team is responsible for selecting which dealing counterparty to place or execute an order with. When selecting a dealing counterparty, the Dealing Team considers various factors, whose relative importance depend on the characteristics of the order. The most important factors include:

- ◆ A dealing counterparty's access to liquidity (e.g. its membership of an exchange or a multilateral trading facility);
- ◆ A dealing counterparty's knowledge of a security and the market in which it is traded;
- ◆ In the case of an order to invest in a new issue, the dealing counterparty responsible for the issue;
- ◆ In the case of an equity order on behalf of an exchange traded fund (ETF), any specific instruction to select a dealing counterparty, which may be provided by the authorised participant (AP) of that ETF.

The Dealing Team has negotiated a standard commission rate card for equity orders. Therefore, commission is not a differentiating execution factor, or reason to select one dealing counterparty over another.

The Dealing Team is responsible for instructing the dealing counterparty on how to manage the order. For example, if an order is large relative to the average daily volume, then the Dealing Team might instruct the dealing counterparty to manage it actively in order to minimise market impact ('high-touch'); if an order is small relative to the average daily volume, then the dealing team might instruct the dealing counterparty to manage it quickly and electronically ('low touch'); and if multiple orders with common execution factors can be traded as a single basket, then the Dealing Team might instruct the dealing counterparty to manage it as a programme ('programme trade').

Fixed income securities

The Dealing Team has primary responsibility for obtaining best execution in relation to orders for fixed income securities.

The Dealing Team generally prioritises price over other execution factors, subject to any instructions it may receive from the Investment Team. For example, the Investment Team may request the Dealing Team to: complete an order by a given time of the day so that the order can be matched with the corresponding flows into and out of an account (prioritising speed); or to complete an order subject to a price limit (prioritising price). The Dealing Team may discuss these instructions with the Investment Team in order to minimise market impact, for example if the order is for a less liquid bond.

The Dealing Team is responsible for deciding whether to place or execute an order. Fixed income orders are usually executed with dealing counterparties (acting as systematic internalisers, liquidity providers, market makers, organised trading facilities or on an over-the-counter basis).

The Dealing Team is responsible for selecting which counterparty to place or execute an order with. The Dealing Team sends dealing counterparties a 'request-for-quote' (RFQ) and selects the most competitive quote. When deciding which Dealing Counterparty to send an RFQ to, the Dealing Team considers various factors, whose relative importance depend on the characteristics of the order. The most important factors include:

- ◆ A Dealing Counterparty's rating in HSBC Global Asset Management (France)'s fixed income broker review;
- ◆ A Dealing Counterparty's hit ratio (i.e. the number of times it has provided the most competitive quote, relative to the number of times it has been requested to quote);
- ◆ A Dealing Counterparty's expertise in the security being dealt;
- ◆ A Dealing Counterparty's indicative prices, for example quoted on "Bloomberg ALL Q";
- ◆ A Dealing Counterparty's fixed income security inventory; and

The Dealing Team does not always request or receive multiple quotes, for example:

- ◆ If the Dealing Team is managing a large order for a less liquid security, then there is a risk that requesting multiple quotes might cause market movements which compromise its ability to obtain best execution. In that case, the Dealing Team might alternatively work with a small number of dealing counterparties to actively manage the order over a period of time, perhaps against a limit price with a tolerance.

Asset backed securities

In the case of asset backed securities (ABS), either the Dealing Team or (more normally) the ABS Team is responsible for dealing decisions and has primary responsibility for obtaining best execution in relation to orders for asset backed securities. In either case:

- ◆ The Dealing Team or the ABS Team generally prioritises price over other execution factors.
- ◆ The Dealing Team or the ABS Team generally executes orders with dealing counterparties on an over-the-counter basis.
- ◆ The Dealing Team or the ABS Team is responsible for selecting which dealing counterparty to place or execute an order with. They typically select the dealing counterparty which quotes the most competitive price, for example in response to a 'bids wanted in competition' (BWIC) list. Some orders may only be executed with a single dealing counterparty, in which case there will be no competing prices. In any event, they establish the reasonableness of the price with reference to comparable trade data.

Money market investments

The Dealing and liquidity teams have primary responsibility for obtaining best execution in relation to Money market instruments.

Repo and reverse repo transactions are done on the basis of the fund management choice to use a counterparty based on a credit risk decision (to lend cash or to temporarily transfer securities to) and is effected bilaterally with the counterparty at a fixed price, hence forbidding the price formation process seen in traditional market venues and the controls associated with best execution.

For Money Market Instruments, those teams generally prioritise likelihood and speed of execution over other factors, and execute orders with a dealing counterparty.

Securities financing transactions

Securities financing transactions are subject to a separate best execution process because of their specific nature which imply a limited choice of execution venues. The summary of the Top 5 execution venues in terms of trading volumes where SFTs are executed will be made public on an annual basis.

The Dealing Team generally prioritise price over other factors, and executes orders with a dealing counterparty subject to assessment of its credit risk by the Investment Team.

Collective investment schemes (CIS)

Various teams are responsible for obtaining best execution in relation to orders for CIS.

An order for a CIS may only be placed with its appointed transfer agent before a specified time ('cut off time') at which its price is calculated. Therefore, HSBC Global Asset Management (France) seeks to place the order with the transfer agent before the cut-off time (prioritising speed and price) and to invest in an appropriately priced share class of the CIS (prioritising cost).

Exchange traded funds (ETFs)

The Dealing Team is responsible for obtaining best execution in relation to orders for ETFs

The Dealing Team generally prioritises price over other execution factors.

The Dealing Team generally places orders with dealing counterparties, selected using the same criteria as for equity orders (see 5.1 above). However, in the case of a less liquid ETF, the Dealing Team may issue a request-for-quote to those dealing counterparties appointed as 'authorised participants' (AP) of the ETF, and select the most competitive quote.

Exchange traded derivatives (ETDs)

ETDs include: single stock futures; index equity futures; interest rate futures; single stock options; index options; and warrants.

The Dealing Team has primary responsibility for obtaining best execution in relation to orders for ETDs. The Dealing Team generally prioritises price over other execution factors.

Non exchange traded derivatives (NETDs)

NETDs include: credit default swaps; interest rate swaps; inflation swaps; total return swaps; non-deliverable forwards; contracts for difference ('CFDs'); and forward foreign exchange contracts ('forward FX').

The Dealing Team has primary responsibility for obtaining best execution in relation to orders for NETDs. The Dealing Team generally prioritises price over other execution factors.

The Dealing Team generally executes orders with a dealing counterparty with which it has concluded an ISDA agreement (or other relevant agreement).

The Dealing Team generally sends an RFO to at least three dealing counterparties, and selects the dealing counterparty which provides the most competitive quote. If a NETD is sold prior to maturity ('closed-out'), then the

most competitive price will often be provided by the original dealing counterparty. Some NETDs may only be closed-out with the original dealing counterparty.

Spot FX

The Dealing Team has primary responsibility for obtaining best execution in relation to spot FX orders.

The Dealing Team generally: prioritises price over other execution factors; places or executes orders with dealing counterparties which may be acting as a multilateral trading facility; and selects a dealing counterparty on the basis of a request-for-quote (unless the spot FX is associated with a forward FX, in which case both the spot and forward will be executed as a linked trade with the same dealing counterparty).

HSBC Global Asset Management (France) occasionally delegates dealing decisions in spot and forward FX. In those cases, HSBC Global Asset Management (France) requires the delegate to provide it with evidence that it has obtained best execution, which HSBC Global Asset Management (France) monitors on a post trade basis.

Dealing counterparties

HSBC Global Asset Management (France) may only place or execute an order with a dealing counterparty which it has approved for those purposes.

HSBC Global Asset Management (France) may place or execute an order with a dealing counterparty irrespective of where it is based. However, when executing or placing an order with a dealing counterparty based outside of the EU, HSBC Global Asset Management (France) must satisfy itself that it is still able to obtain best execution.

HSBC Global Asset Management (France) may place or execute an order outside of a trading venue. This could give rise to additional risks, including counterparty risk.

HSBC Global Asset Management (France) may place or execute an order with an HSBC group affiliate, but that affiliate will be treated in the same way as any other third party dealing counterparty.

HSBC Global Asset Management (France) may not receive any payment, discount or non-monetary benefit for routing a client order to a dealing counterparty.

HSBC Global Asset Management (France) takes all sufficient steps to obtain the best possible result in the execution of the order on behalf of its clients by selecting its counterparties, taking into account a list of factors such as:

- ◆ The price
- ◆ The cost
- ◆ Quality/speed of execution
- ◆ The likelihood of execution and settlement/delivery
- ◆ The size of the order
- ◆ Any other consideration to be taken into account such as the quality of the counterparty

HSBC Global Asset Management (France) will be responsible to report annually a list of the top 5 execution venues by asset classes in terms of volume of transactions and make it available on its website.

Specific instructions from a client

A client may give HSBC Global Asset Management (France) a specific instruction/operational workflow on how to place or execute an order. If HSBC Global Asset Management (France) cannot follow the instruction/operational workflow (for example, because it would contravene applicable law) then the client will be informed. Otherwise, HSBC Global Asset Management (France) will follow the client's instruction but such specific instruction/operational workflow may prevent HSBC Global Asset Management (France) from taking the steps that it has designed and implemented in its execution policy to obtain the best possible result for the execution of orders in respect of the elements covered by that instruction.

Post trade monitoring

HSBC Global Asset Management (France)'s dealing decisions are captured and stored in a central database; execution prices are compared against pre-defined benchmarks; execution prices outside of a pre-defined tolerance of its associated benchmark are analysed; and the analysis is used by the Dealing Team to improve its processes.

Oversight

First line of defence

Best execution is overseen locally by HSBC Global Asset Management (France)'s Front Office Management Committee (FOMC) which reviews relevant management information (including post trade monitoring analysis) and holds Teams accountable for their activities. The FOMC is chaired by HSBC Global Asset Management (France)'s Chief Investment Officer, and its members include representatives from HSBC Global Asset Management (France)'s Risk Team and Compliance Team.

Best execution is overseen globally by HSBC Global Asset Management's (AMG's) Global Dealing Oversight Committee (GDOC) which reviews relevant management information (including post trade monitoring analysis) and holds Teams accountable for their activities. The GDOC allows AMG to identify and share best practice between its affiliates. The GDOC is chaired by HSBC Global Asset Management's Global Chief Investment Officer, and its members include HSBC Global Asset Management's Global Head of Risk and Global Head of Compliance.

Second line of defence

HSBC Global Asset Management (France)'s Compliance Monitoring and Testing Team (CMAT) carries out independent, risk-based monitoring of HSBC Global Asset Management (France)'s order management policies and processes.

Third line of defence

HSBC Group Audit carries out independent, risk-based monitoring of HSBC Global Asset Management (France)'s order management policies and processes.

Policy ownership and review

This policy is owned by the FOMC. It is reviewed once a year, and additionally whenever a material change occurs. Changes are notified to the Global Dealing Oversight Committee.

Client information, consent and requests for additional information

HSBC Global Asset Management (France) will provide clients with appropriate information about this order execution policy.

HSBC Global Asset Management (France) will obtain clients' consent to its order execution policy, in relevant clauses included in their investment management agreement.

HSBC Global Asset Management (France) will obtain clients' consent to execute orders outside of a trading venue, in relevant clauses included in their investment management agreement.

HSBC Global Asset Management (France) will respond to reasonable and proportionate requests by clients for additional information about this policy, its dealing counterparties or the consequences of executing orders outside a trading venue.

Annex

List counterparties / execution venues HSBC GLOBAL ASSET MANAGEMENT (FRANCE) place significant reliance on

This annex provides a list by alphabetical order of execution venues and placement counterparties upon which HSBC Global Asset Management (France) places significant reliance for each class of financial instrument. This list is not exhaustive, nor is it static as HSBC Global Asset Management (France) regularly assess the execution venues and placement counterparties that are available).

Equities

- ◆ Citigroup Global Markets Europe AG
- ◆ JP Morgan AG
- ◆ BNP Paribas SA.
- ◆ HSBC Continental Europe
- ◆ Kepler Cheuvreux S.A.
- ◆ Société Générale SA
- ◆ UBS Europe SE
- ◆ BOA Merrill Lynch International DAC
- ◆ Goldman Sachs Bank Europe SE
- ◆ Morgan Stanley Europe SE

Debt Instruments

- ◆ Barclays Bank Ireland Plc
- ◆ BNP Paribas SA
- ◆ BOA Merrill Lynch International DAC
- ◆ Citigroup Global Markets Europe AG
- ◆ Crédit Agricole Corporate and Investment
- ◆ Deutsche Bank AG
- ◆ Goldman Sachs Bank Europe SE
- ◆ HSBC Continental Europe
- ◆ JP Morgan AG
- ◆ UBS Europe SE

Interest rates derivatives

- ◆ BNP Paribas SA
- ◆ BOA Securities Europe SE

- ◆ Citibank Europe Plc
- ◆ Deutsche Bank AG
- ◆ HSBC Continental Europe
- ◆ JP Morgan AG
- ◆ Morgan Stanley Europe SE
- ◆ Société Générale SA
- ◆ UBS Europe SE

Crédit Derivatives

- ◆ BNP Paribas SA
- ◆ BOA Securities Europe SE
- ◆ Citibank Europe Plc
- ◆ Deutsche Bank AG
- ◆ HSBC Continental Europe
- ◆ JP Morgan AG
- ◆ Morgan Stanley Europe SE
- ◆ Société Générale SA
- ◆ UBS Europe SE

Currency Derivatives

- ◆ BNP Paribas SA
- ◆ Crédit Agricole Corporate and Investment
- ◆ HSBC Continental Europe
- ◆ JP Morgan AG

- ◆ Morgan Stanley Europe SE
- ◆ Royal Bank of Canada
- ◆ Société Générale SA
- ◆ UBS Europe SE

Equity Derivatives

- ◆ Citigroup Global Markets Europe AG
- ◆ BOA Merrill Lynch International DAC
- ◆ HSBC Continental Europe
- ◆ JP Morgan AG
- ◆ Morgan Stanley Europe SE
- ◆ Société Générale SA
- ◆ BNP Paribas SA

Exchange traded products

- ◆ Morgan Stanley Europe SE
- ◆ Jane Street Ntherlands B.V
- ◆ Flow Trader
- ◆ Optiver V.O.F
- ◆ HSBC Continental Europe
- ◆ Kepler Cheuvreux S.A.
- ◆ Société Générale SA
- ◆ JP Morgan AG
- ◆ BNP Paribas SA

Glossary

Best execution	Taking all sufficient steps to obtain the best possible result for clients when managing orders on their behalf
Dealing counterparty	An entity with which an order may be placed or executed
Dealing decisions	Placing or executing an order with a dealing counterparty, pursuant to an investment decision
Dealing team	AMEU employees who are generally responsible for dealing decisions
Execution factors	Factors to be considered in order to obtain best execution, including: price; cost; speed; likelihood of execution and settlement; size; nature; or any other consideration relevant to the execution of the order.
Execution venue	A dealing counterparty acting as a systematic internaliser, liquidity provider, market maker, organised trading facility or on an over-the-counter basis
Investment decisions	Stock selection and portfolio construction decisions consistent with a client's investment objectives and restrictions
Investment team	HSBC Global Asset Management employees who are responsible for investment decisions
Multilateral trading facility (MTF)	Multilateral system operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments in the system, in accordance with non-discretionary rules
Organised trading facility (OTF)	Third type of multilateral system in which multiple buying and selling interests can interact in a way that results in contracts. OTF will only relate to bonds, structured finance products, emission allowances or derivatives.
Systematic internaliser (SI)	A SI is a firm which deals on own account when executing client orders outside a trading venue
Trading venue	Facilities in which multiple third party buying and selling interests interact in the system. Trading venues functionality embraces a regulated market, an MTF or an OTF

