

Website disclosure summary

Corporate Euro Bond Fixed Term Bond 2027

No significant harm to the environmental or social characteristics of the financial product

Do no significant harm (DNSH) analysis is an integral part of our investment process for sustainable assets. It covers ESG best in class, minimum governance score, normative and controversial activities monitoring, consideration of Principal Adverse Impacts (PAI) and Principal Adverse Impact integration.

All SFDR mandatory PAI are reviewed to assess the relevance to the sub-fund. Our Responsible Investment Policy sets out the approach we take to identify and respond to principal adverse sustainability impacts and how we consider ESG sustainability risks. This is available on our website at: www.assetmanagement.hsbc.com/about-us/responsible-investing/policies.

The sub-fund is also aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Environmental or social characteristics of the financial product

The sub-fund promotes Environmental/Social (E/S) characteristics and but does not have as its objective sustainable investment.

The environmental and/or social characteristics promoted by this sub-fund are:

1. The Investment Adviser aims to construct a portfolio with a higher ESG score, calculated as a weighted average of the ESG scores of the sub-fund's investments against the weighted average of the constituents of its reference benchmark, 80% ICE BofA 1-5 Year Euro Corporate Index /20% ICE BofA 0-5 Year Euro Developed Markets High Yield (the "Reference Benchmark").
2. Responsible business practices in accordance with UN Global Compact and OECD Principles for businesses.
3. Active consideration of environmental issues through engagement where HSBC Asset Management considers it appropriate to do so.
4. Excluding activities covered by HSBC Asset Management's Responsible Investment Policies

Investment strategy

The sub-fund aims to generate income by investing, primarily, in a portfolio of Euro-denominated corporate bonds for a limited term, while promoting environmental, social and governance ("ESG") characteristics within the meaning of Article 8 of SFDR.

Proportion of Investments

The sub-fund does not commit to holding a minimum percentage of sustainable investments. The sub-fund aims to maintain a minimum proportion of 51% of investments that are aligned with the environmental or social characteristics promoted by the financial product includes liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) and financial derivatives instruments may be used for efficient portfolio management.

Monitoring of environmental or social characteristics

All our sub-funds aim to demonstrate strong and/or improving ESG characteristics at the issuer and overall portfolio level using quantitative or qualitative criteria which are monitored on an on-going basis. Companies with ESG risk scores that require a targeted review are assessed within an internal governance forum. Funds are monitored via an ESG dashboard to ensure portfolios align to the internally established thresholds.

We monitor companies to ensure they operate with good corporate governance. Please refer to the 'Engagement Policies' section below. For our full Stewardship Policy, please go to www.assetmanagement.hsbc.com/about-us/responsible-investing/policies.

Methodologies

HSBC uses its own proprietary systematic investment process to measure how the environmental characteristics promoted by the sub-fund are met. HSBC will use data provided by a number of third parties. All data used will be verified by HSBC Asset Management's extensive research department.



Data Sources and Processing

HSBC Asset Management uses data from a number of external third parties such as Sustainalytics, ISS, MSCI and Trucost to ensure it attains the Environmental/Social (E/S) characteristics promoted. All data is verified by our extensive research department and processed using our proprietary research methodology.

Limitations to Methodologies and Data

We use third party data from multiple sources however there is limited coverage of data available. We are not aware of any limitation in meeting the Environmental/Social (E/S) characteristics of the sub-fund.

Due Diligence

We carry out quantitative and qualitative monitoring and analysis of all companies and other issuers held in active portfolios before and during the period of our investment. Using this monitoring and analysis the companies and other issuers are discussed regularly within our investment teams including their strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance. We may also assess their disclosures, consideration of research – including ESG & voting research and we may attend meetings with management and directors, visit production sites, talk to competitors, customers and other stakeholders, and carry out our own financial modelling. Our Stewardship & Engagement teams play a supporting role when it comes to assessing issuers against ESG considerations.

Engagement Policies

We use a number of ESG rating agencies for norms-based screening against the UN Global Compact Principles. We incorporate good corporate governance in our proprietary fundamental company research and meet with investee companies (and potential investee companies) regularly as part of our active investment process. This helps ensure that companies are managed in line with the long-term interests of their investors and helps us to improve our understanding of their business and strategy, to signal support and/or to highlight concerns we have with management actions and promote best practice.

This engagement is a key element in our stewardship oversight of client assets. We challenge companies and issuers on their delivery of corporate strategy, financial and non-financial performance and risk, allocation of capital and management of environmental, social and governance issues. We engage to understand the approach management is taking and to test how far they are being good stewards. We also encourage investee companies and other issuers held in client portfolios to establish and maintain high levels of transparency, particularly in their management of ESG issues and risks. We raise ESG or other concerns with investee companies and other issuers where we believe that to be in the interest of investors, identifying company specific or systemic risks. We prioritise our engagement on the basis of scale of client holdings, salience of the issues concerned, and our overall exposure to these issues.

For our full Engagement Policy, please go to www.assetmanagement.hsbc.com/about-us/responsible-investing/policies

Designated Reference Benchmark

The sub-fund is actively managed and does not track a benchmark. The reference benchmark for market comparison purposes is 80% ICE BofA 1-5 year Euro Corporate Index (ER0V) / 20% ICE BofA 0-5 year Euro Developed Markets High Yield (HEDC) , however, this is not designated for the purpose of attaining the environmental or social characteristics promoted by the sub-fund.