

HSBC GLOBAL ASSET MANAGEMENT (UK) LTD

BEST EXECUTION – CLIENT DISCLOSURE STATEMENT

August 2024

HSBC Global Asset Management (UK) Ltd (“AMEU”) is authorised 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. executing an order with an execution venue, or placing an order with an placement counterparty for onward execution, pursuant to an investment decision).

AMEU takes all sufficient steps to obtain the best possible results for its clients (often described as ‘best execution’) when making dealing decisions in relation to orders for:

- Equities;
- Fixed income securities;
- Money market instruments;
- Securities financing transactions;
- Collective investment schemes;
- Exchange traded funds;
- Exchange traded derivatives;
- Non exchange traded derivatives;
- Spot foreign exchange (spot FX); and
- Other instruments

This summary execution policy (‘summary’) describes how AMEU obtains best execution.

AMEU seeks to obtain best execution on a consistent basis, although that may not be possible for each and every order.

AMEU obtains best execution for its clients, irrespective of where they are based.

AMEU does not provide portfolio management services to, or make dealing decisions, on behalf of retail clients. This summary is for professional clients only.

BEST EXECUTION

AMEU takes all sufficient steps to obtain the best possible results for its clients by:

- Prioritising execution factors;
- Selecting execution venues and placement counterparties;
- Selecting execution strategies; and
- Analysing the quality of execution obtained.

Prioritising execution factors

AMEU is responsible for prioritising execution factors in relation to an order, including: the price of the order; the cost of the order; the speed of the order; the likelihood of order execution and settlement; the size of the order; the nature of the order; or any other consideration relevant to the execution of the order.

AMEU generally prioritises price above other factors. However, AMEU may reprioritise the factors in order to obtain best execution. For example, the AMEU might prioritise the speed of the order (to ensure an account fully invests cash flows), or prioritise the size of the order (to ensure a large order is managed over a period of time with minimal market impact).

Selecting execution venues and placement counterparties

When executing an order, AMEU is responsible for selecting an execution venue, which might be: a regulated market; a multilateral trading facility; an organised trading facility; a systematic internaliser; a market maker; a liquidity provider; or a counterparty executing an order on an over-the-counter basis.

When selecting an execution venue, AMEU considers various factors whose relative importance depend on the characteristics of the order. For example, when selecting an execution venue for a fixed income order, important factors include:

- An execution venue's indicative prices;
- An execution venue's expertise in the security being dealt;
- An execution venue's fixed income security inventory; and
- In the case of a fixed income order for a new issue, the execution venue responsible for the issue.

When placing an order for onward execution, AMEU is responsible for selecting a placement counterparty.

When selecting a placement counterparty, AMEU considers various factors whose relative importance depend on the characteristics of the order. For example, when selecting a placement counterparty for an equity order, important factors include:

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

When AMEU selects an execution venue or a placement counterparty, it does so independently of any commercial relationship between AMEU and the execution venue or placement counterparty, for example whether AMEU procures investment research from it.

AMEU may not receive payment for order flow from an execution venue or a placement counterparty.

AMEU 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 execution venue or placement counterparty.

AMEU may execute orders outside of a trading venue on behalf of clients which have provided express prior consent. This might give rise to additional counterparty risk

The annex to this disclosure statement provides a list of execution venues and placement counterparties which AMEU places significant reliance upon for each class of financial instrument. This list is not exhaustive. We may use other execution venues and placement counterparties. This list is not static, as we regularly assess the execution venues and placement counterparties that are available

Selecting execution strategies

AMEU is responsible for selecting the execution strategy for an order. For example: if an order is large relative to the average daily volume, then AMEU might instruct the execution venue or placement counterparty to manage it actively in order to minimise market impact; if an order is small relative to the average daily volume, then AMEU might instruct the execution venue or placement

counterparty to manage it quickly and electronically; and if multiple orders with common execution factors can be traded as a single basket, then AMEU might instruct the execution venue or placement counterparty to manage it as a program.

Analysing the order

AMEU has adopted procedures and policies to analyse orders. For example, AMEU compare execution prices against pre-defined benchmarks, analyse execution prices that fall outside of a pre-defined tolerance of its benchmark, and use that analysis to improve the quality of its execution.

SPECIFIC INSTRUCTIONS FROM A CLIENT

A client may give AMEU a specific instruction on how to place or execute an order. If AMEU cannot follow the instruction (for example, because it would contravene applicable law) then the client will be informed. Otherwise, AMEU will follow the client's instruction but such specific instruction may prevent AMEU 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.

REVIEW

AMEU reviews its execution policy once a year, and additionally whenever a material change occurs. When we make a material change, we will inform clients by publishing an updated version of this statement which updates and replaces our prior disclosure statement.

REQUESTS FOR FURTHER INFORMATION

AMEU will respond to reasonable and proportionate requests by clients for additional information about this summary.

ANNEX

EXECUTION VENUES AND PLACEMENT COUNTERPARTIES

AMEU places significant reliance on the approved counterparties and execution venues listed below.

This list is not exhaustive, nor is it static (as AMEU regularly assess the execution venues and placement counterparties that are available).

Equities – Counterparties

Merrill Lynch International
Citigroup Global Markets Limited
UBS AG
Morgan Stanley & Co International PLC
JP Morgan Securities PLC
Virtu ITG UK LTD
Goldman Sachs International
Societe Generale International Limited
Jefferies & Co Inc

Execution Venues

Bloomberg

Exchange traded funds - Counterparties

Citigroup Global Markets Limited
Instinet Europe Limited
Virtu ITG UK LTD
Goldman Sachs International
Morgan Stanley & Co International PLC
HSBC Bank PLC
Barclays Capital Securities Limited
Societe Generale International Limited
Jefferies & Co Inc

Execution Venues

Bloomberg

Fixed income securities - Counterparties

Barclays Capital Securities Limited
HSBC Bank PLC
Deutsche Bank Europe GmbH
Morgan Stanley & Co International PLC
JP Morgan Securities PLC
Goldman Sachs International
Citigroup Global Markets Limited

Execution Venues

MarketAxess
Tradeweb
Bloomberg
Liquidnet

P-Notes - Counterparties

Merrill Lynch International

Mortgage TBAs - Counterparties

Barclays Capital Inc

Exchange traded derivatives - Counterparties

UBS AG
The Royal Bank of Scotland Public Limited Company
Citigroup Global Markets Limited
HSBC Bank PLC
JP Morgan Securities PLC

Goldman Sachs International
State Street International

Non exchange traded derivatives - Counterparties

The Royal Bank of Scotland Public Limited Company
Citigroup Global Markets Limited
JP Morgan Securities PLC
Goldman Sachs International
HSBC Bank PLC
UBS AG

Foreign Exchange – Counterparties

Goldman Sachs International
JP Morgan Securities PLC
HSBC Bank PLC
UBS AG
The Royal Bank of Scotland Public Limited Company
Citigroup Global Markets Limited

Foreign Exchange – Execution venues

FXAll
FXGO

Collective investment schemes – Execution Venues

HSBC Global Asset Management
Henderson Global Investors Limited
M&G Investment Management Limited
Standard Life Aberdeen PLC
Legal & General Group PLC