

ANNEX IV

Periodic disclosure 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

Product name: HSBC Sterling Liquidity Fund

Legal entity identifier: 213800OC2S40IQVL8J89

## Environmental and/or social characteristics

### Did this financial product have a sustainable investment objective?

Yes

It made **sustainable investments with an environmental objective:** \_\_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It made **sustainable investments with a social objective:** \_\_\_\_%

No

It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 1.00% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promoted E/S characteristics, but **did not make any sustainable investments**

### To what extent were the environmental and/or social characteristics promoted by this financial product met?

During the financial year ended 30 April 2025 (the Reference period) the Fund promoted<sup>1</sup> the following environmental and/or social characteristics:

1. The Fund identified and analysed issuers' environmental characteristics including, but not limited to, physical risks of climate change and human capital management during the Reference period.

<sup>1</sup> With effect from 24 April 2024, the Fund was reclassified such that it now promotes environmental and/or social characteristics in accordance with Article 8 of the Sustainable Finance Disclosure Regulation (SFDR).

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

2. The Fund considered responsible business practices in accordance with United Nations Global Compact (UNGC) Principles during the Reference period. Where instances of potential violations of UNGC principles were identified, issuers were subject to proprietary ESG due diligence checks to determine their suitability for inclusion in the Fund's portfolio and, if deemed unsuitable, were excluded.
3. The Fund excluded investment in issuers carrying out business activities that were deemed harmful to certain environmental or social characteristics. This meant, the Fund did not invest in issuers with specified involvement in excluded activities covered by HSBC Asset Management's (HSBC) Responsible Investment Policy (Excluded Activities) during the Reference period. Excluded Activities include **Banned Weapons, Controversial Weapons, Thermal Coal 1 (Expanders), Thermal Coal 2 (Revenue threshold), Arctic Oil & Gas, Oil Sands, Shale Oil, Tobacco and non-compliance with United Nations Global Compact (UNGC) Principles**. More details on HSBC's Responsible Investment Policy and the Excluded Activities are available at: [www.assetmanagement.hsbc.com/about-us/responsible-investing](http://www.assetmanagement.hsbc.com/about-us/responsible-investing).

The above Excluded Activities were effective from the reclassification date of 24 April 2024. Prior to this date, the Fund excluded issuers who (1) were responsible for the production of tobacco and controversial weapons and (2) derived material revenue (generally greater than 10%) from certain sectors such as thermal coal extraction. In addition, the Fund screened out issuers responsible for the production of nuclear armaments.

### ● *How did the sustainability indicators perform?*

The primary sustainability indicator used to measure the attainment of the environmental and social characteristics promoted by the Fund is the Fund's ESG score relative to the median average ESG score of the investable universe using MSCI Industry Adjusted (IA) score. More specifically, the Fund's ESG score is shown compared to the scores of the A-1/P-1/F-1<sup>2</sup> rated investable universe of Short-term Money Market Funds (the Investable Universe).

The ESG score, which ranges from 0 to 10, is a measure of an investment's risk exposure to issues arising from environmental, social and governance factors. The higher the Fund's ESG score is, the less exposed it is to risks related to environmental, social and governance factors and the higher its ESG credentials are.

During the Reference period, the Fund's ESG score was greater than the Investable Universe's ESG score, as shown in Table 1 below.

The Fund also considered individual Principal Adverse Impacts (PAIs), more specifically PAI 10 and PAI 14 (please refer to the Table 1 below for their description). The data used in the calculation of PAI values are sourced from data vendors. They can be based on issuer disclosures or estimated by the data vendors in the absence of issuer reports. Please note that it is not always possible to guarantee the accuracy, timeliness or completeness of data provided by third-party vendors.

During the Reference period, the Fund had no exposure to PAI 10 and PAI 14, as shown in Table 1 below.

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<sup>2</sup> A-1, P-1 and F-1 are credit ratings granted by the rating agencies Standard & Poor's, Moody's and Fitch.

**Table 1**

Indicator	Fund	Investable Universe
ESG Score	6.3	5.2
PAI 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	0.00%	1.52%
PAI 14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	0.00%	1.12%

Source: HSBC Asset Management - Data as at 30 April 2025.

At the end of the Reference period, 94.70% of the Fund's assets were held in investments which promoted positive environmental and/or social characteristics and, of these, 1.00% of the Fund's assets were sustainable investments.

During the Reference period, the Fund did consider responsible business practices in accordance with United Nations Global Compact (UNGC) principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and complied with the exclusions covered by HSBC Asset Management's (HSBC) Responsible Investment Policy.

● **...and compared to previous periods?**

Indicator	Period ending	Fund	Investable Universe
ESG Score	30 April 2025	6.3	5.2
	30 April 2024	6.0	5.7
PAI 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	30 April 2025	0.00%	1.52%
	30 April 2024	0.00%	1.67%
PAI 14. Exposure to controversial weapons	30 April 2025	0.00%	1.12%

(anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	30 April 2024	0.00%	1.37%
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Source: HSBC Asset Management - Data as at 30 April 2025.

At the end of the Reference period, 94.70% of the Fund's assets were held in investments which promoted positive environmental and/or social characteristics and, of these, 1.00% of the Fund's assets were sustainable investments. In comparison, at the end of April 2024, 91.10% of the Fund's assets were held in investments which promoted positive environmental and/or social characteristics. The Fund had no sustainable investments.

● ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

The Fund did not commit to making sustainable investments as defined under SFDR. However, as a result of the investment process, 1.00% of the Fund's assets were sustainable investments at the end of the Reference period.

The sustainable investments held in the Fund during the Reference period contributed to environmental and/or social objectives. Investments were considered sustainable if they made a positive contribution in accordance with HSBC's Sustainable Investment Policy. This was determined by an assessment of all holdings across all Funds which judges issuers against the following criteria:

- Promoting the highest levels of environmental and social practices;
- Issuers classified as net zero aligned or better, by HSBC Asset Management's net zero investment framework;
- Generating sustainable revenues, which are determined as those which support the enhancement of the United Nations Sustainability Development Goals (UN SDGs), EU Taxonomy or climate related revenues.

Issuers with a positive contribution to one of the above criteria were then subject to:

- A 'Do no significant harm' ("DNSH") assessment
- Good governance screening

All sustainable investments made during the Reference period satisfied the various sets of criteria described above and therefore were considered sustainable.

***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

All issuers were assessed against the principle of DNSH as part of the process described in the previous question. This ensures that the investments categorised as sustainable investments did not significantly harm any environmental or social objectives. The DNSH principle applies only to the underlying sustainable investments of the Fund. This principle is incorporated into the investment decision-making process, which includes the assessment of PAIs.

***How were the indicators for adverse impacts on sustainability factors taken into account?***

The mandatory PAIs as defined in Table 1 of Annex 1 of the regulatory technical standards for Regulation 2019/2088 are used to assess whether any issuers are significantly harming the environmental or social objective.

To support the DNSH assessment, quantitative criteria were established across the PAIs.

In instances where data was either non-existent or not sufficient, either a qualitative review and/or a relevant proxy was used as an alternative. Where an issuer was deemed to cause or contribute to significant harm, it could still be held within the Fund but did not count toward the portion of 'sustainable investments' within the Fund.

***Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:***

The Investment Adviser uses a third-party research provider to monitor issuers for controversies which may indicate potential breaches of the UNGC principles. The principles are aligned with the UN Guiding Principles on Business and Human Rights and the OECD's Guiding Principles on Business and Human Rights. UNGC principles include the assessment of non-financial risks such as human rights, labour, environment and anti-corruption. Issuers that are flagged for potential violation of UNGC principles are systematically excluded, unless they have gone through an ESG due diligence assessment, undertaken by HSBC, and are determined not to be in breach of the principles.

HSBC Asset Management is also a signatory of the UN Principles of Responsible Investment.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



### **How did this financial product consider principal adverse impacts on sustainability factors?**

The Investment Manager followed HSBC's Responsible Investment Policy which sets out the approach taken to identify and respond to principal adverse sustainability impacts and how HSBC considered ESG sustainability risks as these can adversely impact the securities the Fund invested in. HSBC used third party data providers, such as Sustainalytics and MSCI to identify issuers and governments with a poor track record in managing ESG risks and, where potential material risks were identified, HSBC also carried out further ESG due diligence.

The Fund considered the following PAIs by monitoring them as sustainability indicators:

**PAI 10** - Violation of UNGC principles and OECD Guidelines for Multinational Enterprises

**PAI 14** - Share of investment involved in controversial weapons

The approach taken to consider Principal Adverse Impacts meant that, among other things, HSBC scrutinised issuers' commitment to lower-carbon transition, adoption of sound human rights principles and employees' fair treatment, and implementation of rigorous supply chain management practices such as those aiming to alleviate child and forced labour. HSBC also paid attention to the robustness of corporate governance and political structures which included the level of board independence, respect of shareholders' rights, existence and implementation of rigorous anti-corruption and bribery policies, as well as audit trails. Governments' commitment to availability and management of resources (including population trends, human capital, education and health), emerging technologies, government regulations and policies (including climate change, anti-corruption and bribery, political change, political stability and governance) were also taken into account.



## What were the top investments of this financial product?

Largest investments	Sector	% Assets	Country
UNITED KINGDOM TREASURY BILL	Government	9.95%	UNITED KINGDOM
SOCIETE GENERALE SA	Bank	6.94%	FRANCE
BBVA	Bank	6.46%	SPAIN
Bank of New York Mellon SA/The	Bank	6.34%	UNITED STATES
NORTHERN TRUST CORP	Bank	5.74%	UNITED STATES
BANCO SANTANDER SA	Bank	4.90%	SPAIN
MIZUHO BANK LTD	Bank	3.31%	JAPAN
NATIONWIDE BUILDING SOCIETY	Bank	2.68%	UNITED KINGDOM
KREDITANSTALT FUER WIEDERAUFBAU	Agency	2.17%	GERMANY
BARCLAYS PLC	Bank	1.91%	UNITED KINGDOM
KINGDOM OF BELGIUM	Government	1.90%	BELGIUM
NATIONAL WESTMINSTER BANK PLC	Bank	1.66%	UNITED KINGDOM
AGRICULTURAL BANK OF CHINA LTD	Bank	1.54%	CHINA
BRED BANQUE POPULAIRE	Bank	1.54%	FRANCE
AGENCE CENTRALE ORGANISMES SEC	Agency	1.54%	FRANCE

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is:

Financial Year ended 30 April 2025

The Top 15 holdings listed above constitute on average the greatest proportion of investments that the Fund made during the Reference period.

The calculations are based on the largest portfolio holdings at each quarter-end of the Reference period, such that the figures are representative of the Reference period for which they relate to. The percentage of assets disclosed in this periodic disclosure may differ from the data provided in the annual report, primarily due to differences in calculation methodologies.

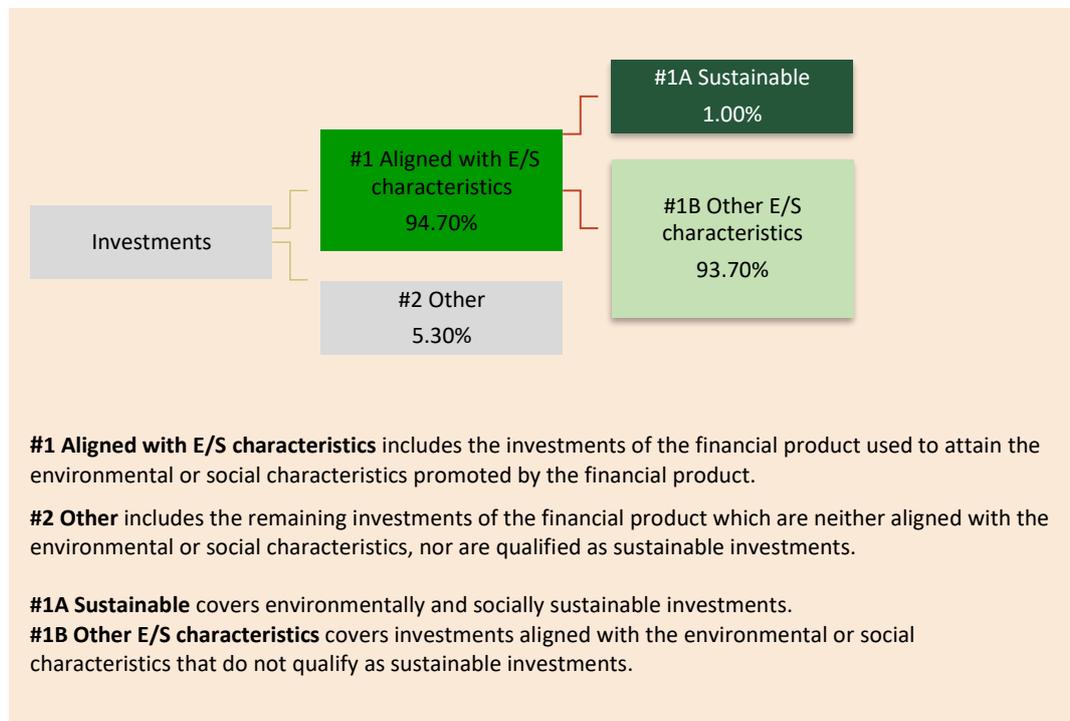


## What was the proportion of sustainability-related investments?

At the end of the Reference period, 94.70% of the Fund's assets were held in investments which promoted positive environmental and/or social characteristics and, of these, 1.00% of the Fund's assets were sustainable investments.

### What was the asset allocation?

A minimum of 51% of the Fund's investments consisted of short-term securities, instruments and obligations which were of high quality at the time of purchase and were eligible for investment under the Money Market Fund Regulation which were used to meet the promoted environmental and social characteristics of the investment strategy (#1 Aligned with E/S characteristics). (#2 Other) included cash for liquidity management purposes<sup>3</sup>.



### In which economic sectors were the investments made?

Sector	% assets
Bank	73.30%
Agency	12.90%
Bank - ABCP	7.90%
Government	4.10%

<sup>3</sup> The data provided in the graph which follows this section is as at 30 April 2025, since the Fund was reclassified under Article 8 SFDR on 24 April 2024.

Corporate	1.90%
	100%

Source: HSBC Asset Management - Data as at 30 April 2025

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

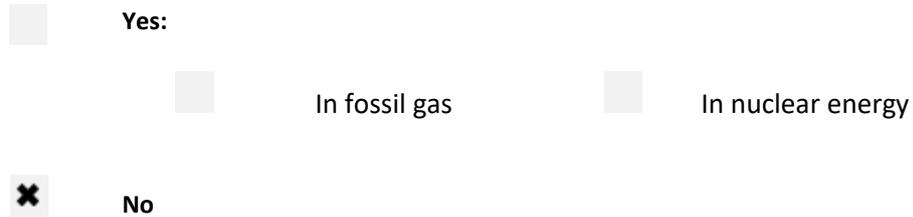


### To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Fund has made no commitment to hold sustainable investments with environmental objectives aligned to the EU Taxonomy. The proportion of sustainable investment aligned with EU Taxonomy during the Reference period was 0.00% of the net assets of the Fund.

The below graphs illustrate the extent to which the Fund held sustainable investments with an environmental objective aligned with the EU Taxonomy at the end of the Reference period.

#### ● Did the financial product invest in fossil gas and / or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?

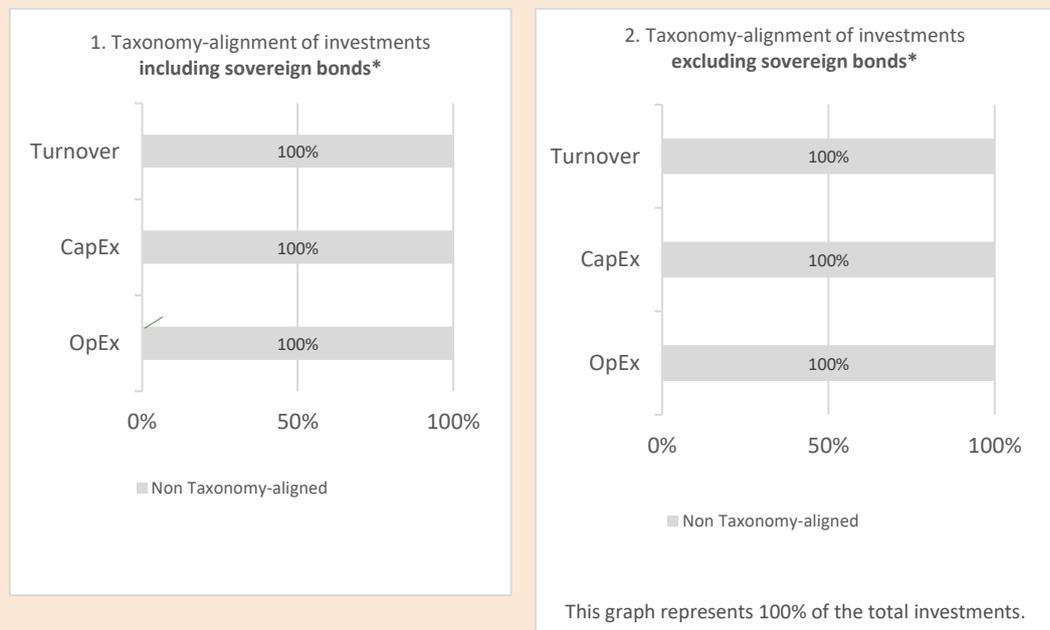


<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Taxonomy-aligned activities are expressed as a share of ... are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under Regulation (EU) 2020/852. by investee companies, e.g. for a transition to a green economy.

- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The graphs<sup>4</sup> below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

**What was the share of investments made in transitional and enabling activities?**

The Fund has made no commitment to hold sustainable investments with environmental objectives aligned to the EU Taxonomy – including transitional or enabling activities. At the end of the Reference period, the Fund’s share of investments made in transitional and enabling activities was 0.00% of the net assets of the Fund.

**How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

Reference period	Taxonomy aligned
30 April 2025	0.00%
30 April 2024	0.00%

<sup>4</sup> The data provided in these graphs is as at 30 April 2025.



### **What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

At the end of the Reference period, the Fund's share of sustainable investments with an environmental objective not aligned with the EU Taxonomy was 0.00% of the net assets of the Fund.



### **What was the share of socially sustainable investments?**

At the end of the Reference period, the Fund's share of socially sustainable investments was 0.00% of the net assets of the Fund.



### **What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?**

#2 Other includes those financial instruments which are not aligned with the environmental or social characteristics of the Fund and do not qualify as sustainable investments. In some instances, this is due to the non-availability of data and corporate actions. These holdings were still subject to HSBC's full set of exclusions screening and were considered for responsible business practices in accordance with UNGC and OECD principles.

The Fund held 1.00% cash/cash equivalents for the purposes of liquidity management and the redemption and subscription of shares as well as financial derivative instruments for the purposes of efficient portfolio management. Cash/cash equivalents and financial derivatives instruments do not have minimum environmental or social safeguards applied due to the nature of these instruments.



### **What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

The Fund's investment objective is to provide investors with security of capital and daily liquidity together with an investment return which was comparable to normal Sterling denominated money market interest rates.

During the Reference period, using data from a range of external vendors the Investment Manager determined an ESG score for each issuer in the Investible Universe of the Fund, consisting of E, S and G scores and weighted based on a proprietary model. The Investment Manager then constructed a portfolio that aimed to maintain an ESG score above the median average ESG score of the investible universe, as measured by MSCI IA score.

The Fund considered responsible business practices in accordance with UNGC principles during the Reference period. Where instances of potential violations of

UNGC principles were identified, issuers were subject to proprietary ESG due diligence checks to determine their suitability for inclusion in the Fund's portfolio and, if deemed unsuitable, were excluded.

The Fund also excluded investment in issuers carrying out business activities that were deemed harmful to certain environmental and social characteristics. This meant it did not invest in issuers with specified involvement in the Excluded Activities referenced above.



### **How did this financial product perform compared to the reference benchmark?**

The Fund was not constrained, in reference to the benchmark, and therefore it was not relevant for the purposes of the Fund's E/S characteristics.

- ***How does the reference benchmark differ from a broad market index?***  
Not applicable.
- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***  
Not applicable.
- ***How did this financial product perform compared with the reference benchmark?***  
Not applicable.
- ***How did this financial product perform compared with the broad market index?***  
Not applicable.

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**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.