

# Best Execution Policy

June 2026

# Best Execution Policy

## Policy

This best execution policy sets out the core steps taken by HSBC Global Asset management ("AM") to obtain the best possible result for clients when handling, receiving, and transmitting orders on behalf of clients, considering the execution factors.

The procedure covers the following types of financial :

- ◆ Equities and equity related securities
- ◆ Fixed Income and money market securities
- ◆ Derivatives, both listed and over-the-counter (OTC)
- ◆ Units or shares in collective investment schemes
- ◆ Spot FX and Forward Foreign Exchange Contracts
- ◆ Exchange traded products such as exchange traded funds

## Risk Type

Primary: Regulatory Compliance

Secondary:

## Purpose

### Who This Applies To

HSBC Global Asset Management (UK) Limited, HSBC Global Asset Management (Deutschland), GmbH, HSBC Global Asset Management (France), HSBC Global Asset Management (Hong Kong) Limited, HSBC Asset Management USA. [International Network Markets are expected to comply with this best practice].

### Permissible Variations

None

# Key Procedural Requirements

## 1. Principles of Best Execution

AM takes the following execution factors into account when applying this policy:

- ◆ Price of the trade
- ◆ Size and nature of the order, as well as any potential market impact, when determining the best execution strategy.
- ◆ Speed of execution, relative to the market conditions and the specific characteristics of the order.
- ◆ Costs: additional costs that may be incurred during a transaction.
- ◆ Likelihood of execution and settlement given the prevailing market conditions and available liquidity.
- ◆ Other Relevant Factors such as the characteristics of the client or the financial instrument, the execution venue, broker operational and legal framework, and the prevailing market conditions.

## 2. Key factors and the process for determining the relative importance of best execution factors

- 2.1. The key factors used to achieve best execution include: price, cost, speed, likelihood of execution and settlement, size, nature of the order, or any other consideration relevant to the execution.
- 2.2. The process for determining the relative importance of these factors includes but is not limited to, prevailing market conditions, availability of liquidity, the instruction received from the Portfolio Manager, client specific instructions, the availability of and connectivity with execution venues. This is further explained in section [10] - **Order Handling, Aggregation and Allocation.**

## 3. Client Specific Instructions

- 3.1. Execution will be carried out in adherence with any specific client instruction, even if the instruction may prevent AM from adhering in full to the steps described within this document. In applying the client instruction, the obligation of this policy will be considered to have been met.

## 4. Trading Strategy

- 4.1. The type of trading strategy employed will depend on a variety of factors including, but not limited to, the instruction received from the PM, client directed restrictions, the prevailing market conditions, liquidity, volatility, size, potential market impact of the transaction, complexity of the order and confidentiality.
- 4.2. Traders determine the relative importance of these execution factors by applying expertise, judgement and experience, using market information reasonably available.

- 4.3. Traders adopt a flexible approach that caters to both simple/low touch and complex/high touch orders. For low touch orders, Traders may decide to route the order quickly to a broker for execution via automation techniques, which automatically seek optimal execution while minimising market impact and information leakage.
- 4.4. Competition is an important element of best execution and can apply in various forms. In addition to the competition within the execution process, we manage broker relationships globally and implement and manage panels of approved brokers for certain categories of products to obtain more consistent best execution.
- 4.5. In certain circumstances, we may decide to restrict competition and information leakage to limit the risk of market impact. In such circumstances, it may be preferable to work with a single counterparty.

## 5. Details on Execution by Type of Financial Instruments

The following section provides further details on how we handle certain types of orders, depending on the asset class and type:

Asset Classes	Details on approach
Government and credit bonds, convertible bonds	The Trading team has access to a variety of execution channels, but the predominant protocol remains Request for Quote (RFQ). Our OMS bond orders trade electronically via FIX protocol to a choice of multi-lateral trading platforms for execution. The Trader may place an order via electronic trading platforms (MTFs) and voice/telephone. Trades will be placed electronically where possible, depending on several criteria such as liquidity and order size. We use those platforms wherever possible to secure the optimal execution, trade swiftly and securely.
Money Market Instruments	Money market instruments are OTC debt securities of a short-term nature which are issued on demand under an issuance programme which is specific to an issuer or an issuer group. These instruments are different from other traditional fixed income assets (like corporate bonds, Treasury bonds and Treasury Bills) as they are issued on the demand of an investor and hence a security is generally specific to one investor at issue. As a result, a specific programme issues a very large number of different securities with no public market making or frequent pricing for those securities. Primary buyers are often money market funds which tend to buy and hold such securities until maturity. Speed, size, liquidity of the asset, likelihood of execution and execution consistency are the predominant factors when executing transactions in money market instruments. We believe best execution is achieved by capturing flows that need a quick turnaround in the market, which may limit the use of multiple counterparties, and instead focussing more on brokers that consistently offer two-way .
Securitised Investments	Securitised Investments comprising Agency MBS, RMBS, CLOs, CMBS, ABS are OTC markets. The best execution rationale is documented for each trade. When selling, Bids Wanted in Competition (BWICs) are typically used to include dealers active in the name and hence generate competitive tension. Where a BWIC is not used, this is documented and how best execution is achieved. Most purchases are on the primary market. Secondary market transactions are often traded bilaterally as one can only buy a bond if it is offered. The best execution rationale is documented with reference to previous trade prices, prices on similar securities / other tranches in the same deal etc. Best execution is achieved through expertise, judgement and experience, using market information reasonably available on all trades.
Equity and Exchange Traded Funds (ETFs)	The Trading team has access to a variety of execution channels. Based on the characteristics of the order, a Trader will determine the channel and choice of broker to obtain the best possible execution. These channels include a broker's cash desk for complex orders, algo desk for direct execution, and program trading desk for basket orders. The Trading desk also utilises automation to streamline certain sized orders and low market impact, for faster and more efficient execution.

OTC Derivatives (excluding FX)	The predominant execution protocol for OTC derivatives is Request for Quote (RFQ). Where appropriate, price discovery is conducted electronically through a competitive or non-competitive RFQ process. The obligation of best execution may be limited in practice due to the complex, customised or structured nature of the product.
Forex	The Trading team has access to a variety of execution channels. For most of our activity, Traders will either enter into a competitive RFQ, or trade by voice/chat and confirm the trade electronically within an agreed platform such as FXALL or FXGO, depending on the nature of the order and the platform functionality required. In certain circumstances, a Trader may choose to execute on a non-competitive basis if we believe that restricting the number of quotes will achieve a better result.
Listed Derivatives	The Trading team has access to a variety of execution channels. Where an order is deemed appropriate for a low touch channel, the Trading team will select a suitable execution algorithm from our list of approved counterparties, or alternatively they may instruct the order electronically via FIX protocol and send instructions via the FIX protocol or by chat/voice.
Collective Investment Schemes	When buying or selling units in collective investment schemes, the key factors relating to best execution include executing the order accurately (in line with the instruction received from the Portfolio Manager) and promptly (within the fund dealing cut-off time). Controls are in place to monitor and oversee the timely and accurate execution of this activity. The operational nature of these orders means they may be sent to the Transfer Agent by operation teams.
Considerations for Primary Markets	In relation to primary markets, AM Trading cannot influence pricing or broker/underwriter selection as these are typically determined by the issuers based on their criteria. This policy will not apply to primary markets. Banks that form part of the syndicate are managed as part of the overall counterparty relationship.

## 6. Execution Platforms

- 6.1. AM utilises a variety of execution platforms, and liquidity providers to access a wide range of markets and ensure the best possible execution for clients. The choice of platform we onboard is based on factors such as available liquidity, pricing, technology, capacity for implementation and the ability to achieve best execution in a consistent and reliable manner. We have a stable array of execution venues, monitor their operational performance, and investigate issues promptly with the vendor. As part of this policy, AM can onboard and utilise execution platforms as they deem necessary to optimise execution on a consistent basis.

## 7. Broker Management and Selection

- 7.1. AM maintains a global approved broker list, consisting of global brokers, specialists, and liquidity providers, among others. This global broker list enables AM to efficiently allocate trades to the most appropriate brokers based on their expertise, market access, and execution capabilities. Our global broker management process allows us to leverage from broker relationships. This is part of a competitive approach that aims to obtain liquidity on a longer term basis, especially through less liquid periods.
- 7.2. For brokers we will consider factors such as access to market, consistency of service, operational support, credit risk, potential organisational changes, and potential regulatory risk. Some of these factors may lead us to adapt our trading with a particular broker.
- 7.3. In certain situations, we may decide to limit or cease trading with a broker having considered specific decisions, events or information that leads us to believe this could help avoid a deterioration in service or help improve trading conditions.

- 7.4. Traders select the most appropriate broker from the approved broker list to provide optimal liquidity, pricing and overall execution quality, taking into account a variety of factors. Depending on the nature of the order and the asset class, these factors may include:
- ◆ Their area of specialisation
  - ◆ Historical liquidity information (Axes, Hit Ratio, Ranking, TCA, etc)
  - ◆ Liquidity information in real time (Streaming prices, Axes, Indication of interest)
  - ◆ Speed and probability of response
  - ◆ Speed of access and execution
  - ◆ Settlement risk
  - ◆ Market Information
  - ◆ Or any other consideration relevant to order execution
- 7.5. For derivatives, we also consider factors such as balance sheet, capacity to provide liquidity, trading collateralisation, or contractual clauses which might impact the quality of the trade.
- 7.6. For some instruments (e.g. OTC derivatives), counterparty selection may be constrained through a lack of legal agreements.

## 8. Conflicts of Interest

- 8.1. AM has policies and procedures in place to identify, prevent and appropriately manage conflicts of interest to ensure they do not disadvantage the interests of clients unfairly in favour of HSBC, its workers, or prospective clients.
- 8.2. AM may from time-to-time trade on behalf of a client with an affiliated company (subject to applicable laws, regulations and client restrictions), provided this carried out on an arms-length basis.
- 8.3. The execution of trades can be transmitted to other affiliated asset management entities, provided they respect this best execution policy or when the trade is directed by the client.

## 9. Global Trading Hub model: Coordination, Collaboration and Order Routing

- 9.1. AM has implemented a global trading hub approach to encourage collaboration and coordination among local Trading desks, where possible, and share expertise, resources, and market intelligence.
- 9.2. Where possible, AM may choose to route orders to different desks and subject matter experts based on factors such as market specialisation, geographic location, and asset class expertise. Where orders are routed to other desks, the responsibility for best execution sits with the executing desk, but under this execution policy.

## 10. Order Handling, Aggregation and Allocation

- 10.1. Each AM GNMs Trading desk will generally aim to ensure comparable client orders are executed sequentially and promptly, unless the characteristics of the order, prevailing market conditions or clients' interests require otherwise. Reasons for non-sequential execution of orders may include non-comparable orders, objective and type of trade, market timing, order size, market liquidity, market impact, order nature and complexity, or other relevant factors, constraints, or obligations.

- 10.2. Order aggregation may provide a general benefit to clients by preventing two or more orders from competing in the market, however, order aggregation may on occasion disadvantage clients. The decision to aggregate will remain at the discretion of the Trader who will determine the most appropriate course of action. AM may use best efforts to aggregate the purchase or sale of the same security with the same instruction in a single order if we have grounds to reasonably believe doing so enhances efficiency or serves participating clients' interests.
- 10.3. Unless in exceptional circumstances, orders are allocated on a pro rate basis. Non pro rate allocations are handled systematically by the front office system or with notification to Regulatory Compliance.

## 11. Cross Trades

Where a Trading desk receives two or more (buy and sell) orders in the same financial instrument from different clients at the same time, AM may decide it is in clients' best interests to transact in a financial instrument with one another. Cross trades will only be undertaken between accounts provided they are permitted by individual client guidelines and local regulatory requirements. Such transactions are executed at market price through a broker or platform that uses a broker.

# ANNEXE

## **Best Execution Monitoring and Governance Framework**

The global trading team uses third-party systems (Bloomberg BTCA and BESTX) to monitor best execution. Every trade executed on the desk is assessed against a series of benchmarks and appropriate tolerances that have been globally agreed depending on the asset class, order characteristics and the associated benchmark. If an order falls out of these tolerances it is flagged within the system for review. If a best execution breach is discovered it is escalated within the appropriate local and global meetings to satisfy regulatory requirements. The key governance forums are the Global dealing Oversight Meeting (which provides global oversight of dealing activities), the Global Dealing Forum (Global trading meeting to oversee activities, escalate issues and collaborate) and the Front Office Management Committee (for local oversight in each region).

# EXECUTION VENUES AND PLACEMENT COUNTERPARTIES

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

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

## **Equities – Counterparties**

Bank of America Merrill Lynch  
Citigroup  
UBS  
Morgan Stanley  
JP Morgan  
Goldman Sachs  
Jefferies  
HSBC  
BNP Paribas

## **Execution Venues**

Bloomberg  
Liquidnet

## **Exchange traded funds – Counterparties**

Citigroup  
Instinet  
JP Morgan  
Goldman Sachs  
Morgan Stanley  
Bank of America Merrill Lynch  
HSBC Bank  
Barclays  
Societe Generale  
Jane Street  
Flow Traders  
Optiver  
BNP Paribas

## **Execution Venues**

Bloomberg

## **Fixed income securities – Counterparties**

Barclays  
HSBC Bank  
Deutsche Bank  
Morgan Stanley  
JP Morgan  
Goldman Sachs  
Citigroup  
BNP Paribas  
Bank of America Merrill Lynch  
Jane Street

## **Execution Venues**

MarketAxess  
Tradeweb  
Bloomberg  
Liquidnet

### **Exchange traded derivatives – Counterparties**

JP Morgan  
Goldman Sachs  
Societe Generale  
  
HSBC Bank

### **Execution Venue**

Bloomberg

### **Non exchange traded derivatives – Counterparties**

Citigroup  
JP Morgan  
Goldman Sachs  
HSBC Bank  
UBS  
Barclays  
Bank of America Merrill Lynch  
BNP Paribas

### **Foreign Exchange – Counterparties**

Goldman Sachs  
JP Morgan  
HSBC Bank PLC  
Credit Agricole  
UBS  
Bank of America Merrill Lynch  
Natwest  
Citigroup  
BNP Paribas

### **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

### **Execution of Orders Outside of a Trading Venue**

There are possible instances where a financial instrument that can be traded on a trading venue are executed outside of a trading venue where we believe we can achieve the best possible result by doing so. Where we execute outside a trading venue, a client may be subject to additional counterparty risk. This is a factor in such a decision and is mitigated by our counterparty risk assessment process.

