

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.

Sustainable investment objective

Did this financial product have a sustainable investment objective?	
<div><div><div></div><div></div></div><div><input checked="" type="checkbox"/> Yes</div></div>	<div><div><div></div><div></div></div><div><input type="checkbox"/> No</div></div>
<div><div><input checked="" type="checkbox"/> It made sustainable investments with an environmental objective: 98.09%</div><div><div><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</div><div><input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</div></div><div><div><input type="checkbox"/> It made sustainable investments with a social objective: _%</div></div></div>	<div><div><input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of _ % of sustainable investments</div><div><div><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</div><div><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</div><div><input type="checkbox"/> with a social objective</div></div><div><div><input type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments</div></div></div>



To what extent was the sustainable investment objective of this financial product met?

The characteristics promoted by this sub-fund were:

1. The sub-fund invested into a concentrated portfolio of companies that actively contribute to United Nations Sustainable Development Goals, including, but not limited to, Climate Action, Affordable and Clean Energy, Clean Water and Sanitation, Good Health and Well Being and Reduced Inequalities.
2. The sub-fund considered responsible business practices in accordance with UN Global Compact and OECD Principles for businesses.
3. The sub-fund excluded business activities that were deemed harmful to the environment.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

4. The sub-fund identified and analysed all companies or issuers for environmental characteristics including, but not limited to, physical risks of climate change and human capital management. Screening has been conducted for the underlying E, S (which reflect the individual items of the environmental and/or social characteristics promoted by the sub-fund) and G pillars (corporate governance practices that protect minority investor interests and promote long term sustainable value creation, compared to the reference benchmark selected by the sub-fund).
5. The sub-fund actively considered environmental and social issues by engagement completed by our Engagement and Stewardship teams, which included proxy voting.
6. The sub-fund analysed and excluded investments involved in controversial weapons.

The ESG and sustainability indicator scores are calculated as per HSBC Asset Management's proprietary methodology and third party ESG data providers. Consideration of individual PAIs (indicated in the table below by their preceding number) can be identified from the sub-fund having a lower score than the Reference Benchmark. The data used in the calculation of PAI values are sourced from data vendors. They can be based on company disclosures, or estimated by the data vendors in the absence of company reports. Please note that it is not always possible to guarantee the accuracy, timeliness or completeness of data provided by third-party vendors.

The performance of the sustainability indicators the sub-fund used to measure the attainment of the environmental or social characteristics that it promoted can be seen in the table below. The sub-fund's ESG score has been managed to be greater than the reference benchmark selected by the sub-fund (with a higher score than the benchmark representing stronger ESG credentials).

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

Indicator	Sub-Fund	Reference Benchmark
ESG Score	8.51	6.82
E Pillar	6.45	6.60
S Pillar	6.22	5.16
G Pillar	6.38	5.66
3. GHG Intensity of investee companies - Tons of CO2 equivalents per million of Euros of revenue	52.42	154.34
10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	0.00%	1.65%
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	0.00%	0.00%

The data in this SFDR Periodic Report are as at 31 March 2023

Reference Benchmark - MSCI All Country World

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

This is the first SFDR Periodic report and as such there is no comparison.

● ***How did the sustainable investments not cause significant harm to any sustainable investment objective?***

We can confirm that do no significant harm analysis was completed as part of HSBC Asset Management's (HSBC) standard investment process for sustainable assets, which included the consideration of Principal Adverse Impacts.

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

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 Investment Adviser reviewed all SFDR mandatory Principal Adverse Impacts to assess the relevance to the sub-fund. HSBC's Responsible Investment Policy set out the approach taken to identify and respond to principal adverse sustainability impacts and how HSBC considered ESG sustainability risks as these could adversely impact the securities the sub-funds invested in. HSBC used third party screening providers to identify companies and governments with a poor track record in managing ESG risks and, where any such material risks were identified, HSBC also carried out further due diligence. Sustainability impacts, including the relevant Principal Adverse Impacts, identified by screening were a key consideration in the investment decision making process.

The approach taken, as set out above, meant that among other things the following points were scrutinised:

- companies' commitment to lower carbon transition, adoption of sound human rights principles and employees' fair treatment, implementation of rigorous supply chain management practices aimed, among other things, at alleviating child and forced labour. HSBC also paid great 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; and
- 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 stability and governance.

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

HSBC was committed to the application and promotion of global standards. Key areas of focus for HSBC's Responsible Investment Policy were the ten principles of the United Nations Global Compact (UNGC). These principles included non-financial risks such as human rights, labour, environment and anti-corruption. HSBC was also a signatory of the UN Principles of Responsible Investment. This provided the framework used in HSBC's approach to investment by identified and managed sustainability risks. Companies in which the sub-fund invested would be expected to comply with the UNGC and related standards. Companies having clearly violated one, or with at least two presumed violations, of the ten principles of the UNGC were systematically excluded. The sub-fund conducted enhanced due diligence on companies that were considered to be non-compliant with the UN Global Compact Principles, or were considered to be high risk as determined by HSBC's proprietary ESG ratings. Companies were also evaluated in accordance with international standards like the OECD Guidelines.



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

The approach taken to consider Principal Adverse Impacts meant that, among other things, HSBC scrutinised companies' 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 stability and governance were also taken into account.



The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 31/03/2023

What were the top investments of this financial product?

Large Investments	Sector	% Assets	Country
ASML Holding NV	Information Technology	8.62%	Netherlands
Adobe Incorporated	Information Technology	7.20%	United States of America
Microsoft Corporation	Information Technology	5.77%	United States of America
Intuit Inc.	Information Technology	5.40%	United States of America
L'Oreal S.A.	Consumer Staples	4.57%	France
Coloplast A/S Class B	Health Care	4.56%	Denmark
MSCI Inc. Class A	Financials	4.35%	United States of America
Zoetis, Inc. Class A	Health Care	4.17%	United States of America
Kone Oyj Class B	Industrials	4.02%	Finland
Novo Nordisk A/S Class B	Health Care	3.90%	Denmark

Cash and derivatives were excluded

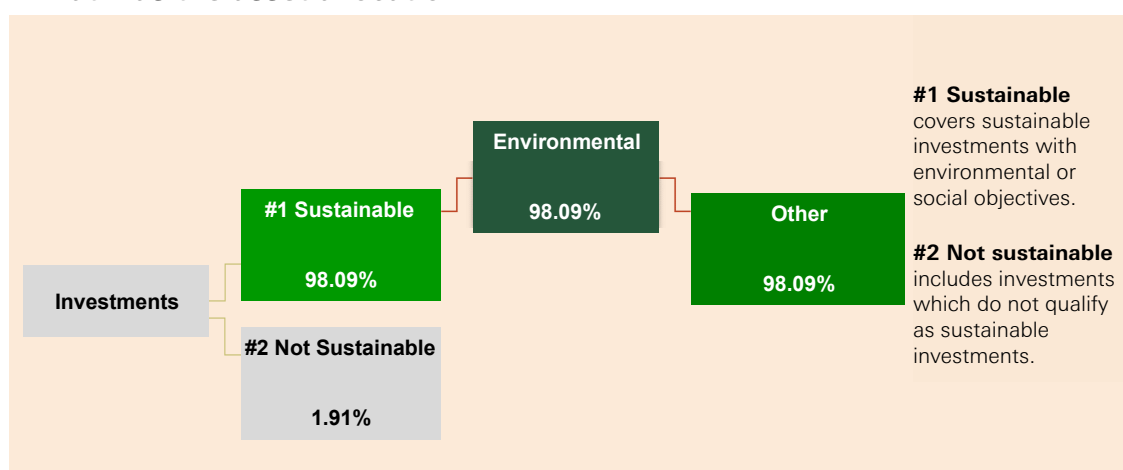


Asset allocation describes the share of investments in specific assets.

What was the proportion of sustainability-related investments?

98.09% of the portfolio was invested in sustainable assets.

What was the asset allocation?



In which economic sectors were the investments made?

Sector	% Assets
Information Technology	34.13%
Health Care	20.46%
Consumer Staples	17.27%
Materials	9.49%
Consumer Discretionary	7.44%
Industrials	6.18%
Financials	4.35%
Communication Services	0.68%
Total	100.00%



To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully 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.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

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

N/A - the sub-fund did not make sustainable investments aligned with the EU Taxonomy.

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy¹?

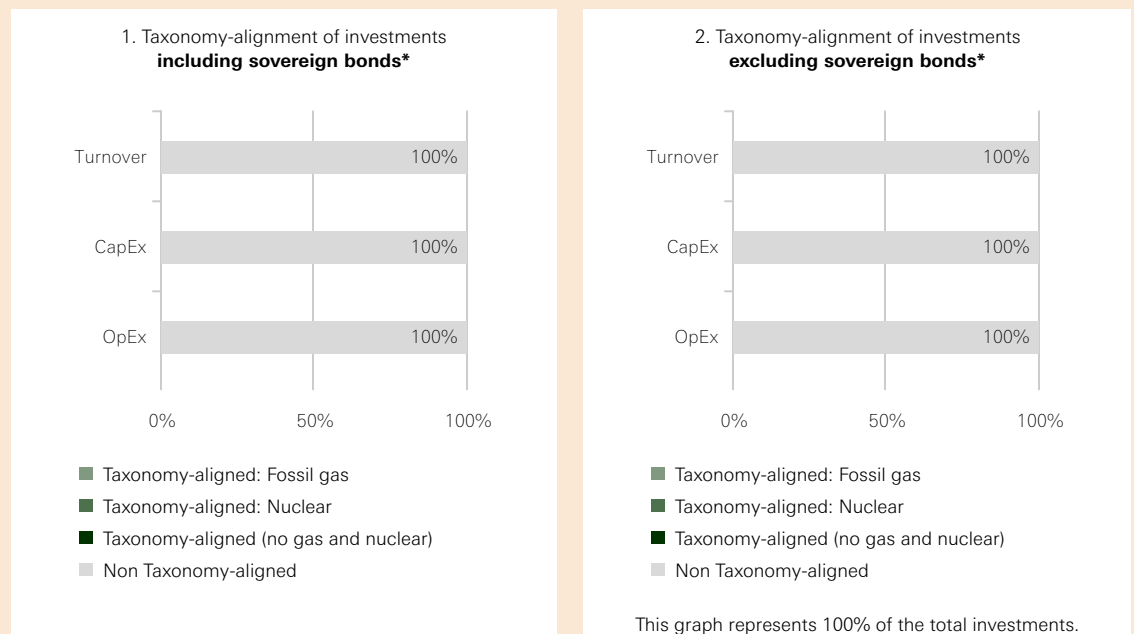
☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

¹ 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 no significant harm to 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.

The graphs 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?

N/A - the sub-fund is not investing in transitional or enabling activities.

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

As this was the first reporting period for the sub-fund, no comparison is required.

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

 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.



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

98.09%



What was the share of socially sustainable investments?

N/A. The sub-fund did not invest in socially sustainable investments.



What investments were included under “not sustainable”, what was their purpose and were there any minimum environmental or social safeguards?

The sub-fund may have held cash and cash equivalents and financial derivative instruments for efficient portfolio management. This may have also included investments that were not aligned for other reasons such as corporate actions and non-availability of data.



What actions have been taken to attain the sustainable investment objective during the reference period?

The Investment Adviser analysed ESG impact as the sub-fundamental consideration when determining the sub-fund’s investments. The sub-fund’s investment principles (“Investment Principles”), which were used together with ESG impact analysis and sub-fundamental qualitative company analysis to determine the sub-fund’s investments, may have included but was not limited to:

- continuous engagement with Contributing Companies regarding their ESG credentials.
- continuous engagement with companies regarding their ESG credentials at various stages of their ESG transition.
- companies following good ESG practices. Good ESG practices including, but not limited to, companies with efficient electricity and water usage and companies with sound business ethics and transparency.
- included companies following good ESG practices resulting in low and/or decreasing carbon intensity.



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

N/A

● ***How did the reference benchmark differ from a broad market index?***

N/A

● ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?***

N/A

● ***How did this financial product perform compared with the reference benchmark?***

N/A

● ***How did this financial product perform compared with the broad market index?***

N/A

Reference benchmarks are indexes to measure whether the financial product attains the sustainable objective.