HSBC Investment Funds (Luxembourg) S.A.

Best Execution

1. Overview

HSBC Investment Funds (Luxembourg) S.A. (‘HIFL) must act in the best interests of the UCITS it manages when deals are placed for the UCITS in the management of the portfolio.

HIFL delegates the function of Investment Advisor to HSBC Global Asset Management Group entities that are responsible for ensuring that they deliver the best possible result when executing orders, placing orders for or passing orders to others for execution on behalf of their clients.

2. Best Execution process

HSBC Global Asset Management Investment Advisors for each UCITS, where HIFL is the Management Company, have the requirement to implement a Best Execution policy in line with local and internal guidelines. Compliance with the criteria set out in the policies is regularly tested by teams independent of the dealing/trading functions.

Execution Factors

As a minimum the following factors must be considered by each HSBC Investment Advisor in order to achieve Best Execution for its clients;

- Price;
- Cost or commission of execution;
- Execution capability and the need for timely execution;
- The current liquidity for the relevant instrument;
- Market impact of the transaction and potential price impact;
- Financial status, responsibility and solvency of the broker / counterparty or execution venue;
- Responsiveness of the broker / counterparty or execution venue;
- The quality of order execution;
- The size of the order and the nature of the financial transaction including whether or not such transactions are executable on a regulated market, over-the-counter, or via either route;
- The quality and cost effectiveness of any related clearing and settlement facilities.

Execution Venue

HSBC Investment Advisors must determine the most appropriate execution venue in order to obtain best execution on a consistent basis on behalf of its clients.
Record Keeping

Each HSBC Investment Advisor must keep records of all executed trades in line with their local market standard

Aggregation and allocation

Comparable orders which are generated simultaneously to that for the UCITS managed by each HSBC Investment Advisor can be aggregated to create a block order, where this is permissible by local law.