

Glossary

Accumulation Share: a type of share where the income earned by the Fund is retained in the Fund

ACD: HSBC Global Asset Management (UK) Limited, the Authorised Corporate Director of the Company

Actively Managed: where the fund manager uses their expertise to pick investments to achieve the fund's objectives

Annual charge: is the capped rate paid to the Management Company, as per the prospectus.

Average credit rating: a measure aggregating the credit ratings of a portfolio's securities into a single rating. Each security in a portfolio is given an 'index rating' which is a conservative average of the vendors: S&P, Fitch, Moody's, and Sovereign ratings. If any vendor is missing a rating for a given security, the lowest of the available ratings is taken. The average rating does not include securities with NR or NA ratings. The average fund and benchmark ratings do not include USD-rated cash securities or USD currency forwards.

Beta: an historical measure of volatility to measure how a fund moves versus its benchmark (i.e. an Index)

Bond(s): a loan, usually to a company or government, that pays interest

Bond Index Futures: a contract stating that the holder agrees to purchase a bond index at a particular price on a specified future date

Broad Market Index: The broad market index is shown for the purpose of non-financial/tracking comparator purposes. The broad market index has not been optimised for sustainability factors and includes securities which have been excluded from the reference benchmark.

Circular revenue score: Average weighted percentage of circular revenues from all holdings in the portfolio

Percentage of circular revenues > 20%: Percentage of AUM for which the companies have circular revenues exceeding 20%

Circular revenues breakdown: Percentage of Circular Revenues in overall portfolio derived from each of the four company profiles

Percentage of circular revenue: Percentage of AUM for which the companies have circular revenue

Collective Investment Scheme: a fund that more than one person contributes to with the aim of increasing the value of their investments or receiving income from a pooled investment. A fund manager will invest the pooled money into one or more types of asset, such as stocks, bonds or property

Credit Rating: an assessment of the credit risk of a company, government or other organisation. It seeks to measure how likely it is that the issuer of a bond will be able to continue to make interest payments and repay the money loaned to it

Developed Markets: countries with relatively high levels of personal income and established economies

Duration: a measure of how long it takes in years for an investor in a bond to recoup the price they paid for the bond from its interest payments. It provides an indication of how much bond prices are likely to change if and when interest rates change

Emerging Markets (EM): countries that are progressing toward becoming advanced, usually shown by some development in financial markets, the existence of some form of stock exchange and a regulatory body

Futures: a financial contract obligating the buyer to purchase an asset (or the seller to sell an asset), such as a physical commodity or a financial instrument, at a predetermined future date and price

Growth: the increase in the value of investments

Government Bond or Gilt: a loan to a national government in return for regular payments (known as the coupon) and a promise that the original investment (principal) is paid back at a specified date. Gilts are loans to the UK government

Hedge Funds: an investment fund that pools money from investors and invests in a variety of assets, often with complex investment strategies and risk management techniques

Hedge or Hedging: using derivative type investments as a way to reduce risk

High yield bond: a bond paying a higher level of interest but which has a lower credit rating than investment grade

IMMFA: HSBC is a member of the Institutional Money Market Funds Association which is the trade association representing the European money market fund industry.

Income: money generated by a fund, such as interest from a bond or a dividend from a share, which can be paid out to its investors or paid back into the fund and reinvested

Income Share: the type of Share where the income earned by the Fund is paid out to you

Information Ratio: a measure of the risk-adjusted return of a fund against its benchmark

Investment Grade: a credit rating that indicates the issuer of a bond has a relatively low risk of being unable to make interest payments and repay the money to it

LIBOR + Spread (Incl. IRS): Yields are calculated excluding forwards and including the effect of IRS. IRS yields use the coupon for the fixed leg and the relevant variable rate at the last reset date for the floating leg.

Maturity: the period of time left for a bond or gilt to remain outstanding before the original loan and any final interest is repaid to the lender

Minimum credit rating: uses minimum quality rating across S&P, Fitch and Moody's. The aggregate fund and benchmark rating does not include securities rated NR or NA.

Net Asset Value (NAV): the value per share of the scheme property of a fund less the liabilities of the fund. The NAV takes into account any swing pricing adjustment ("swung price") (if applicable).

Ongoing Charges Figure: a measure of what it costs to invest in a fund. It includes the fee paid to the ACD and other operating costs

Option adjusted duration (OAD): a duration value based on the probability of early redemption call by the bond issuer

Option adjusted spread duration (OASD): estimates the price sensitivity of a bond to a 100 basis-point movement (either widening or narrowing) in its spread relative to treasuries, taking into account the likelihood of early redemption

Price Earnings (P/E) Ratio: the price paid for a share divided by the annual profit earned by the firm per share.

Property-related securities: shares of property companies that own, manage or develop property and Real Estate Investment Trusts (REITs), which are investment companies that own buildings and land

Return(s): the money made or lost on an investment

Share(s): an equally valued holding in a fund of a company, representing part ownership of that fund, (including larger denomination shares and smaller denomination shares)

Sharpe ratio: a measure for calculating risk-adjusted return, and this ratio has become the industry standard for such calculations

Total Expense Ratio: is based on expenses over a year. Such figure may vary from time to time.

The Weighted Average Maturity (WAM): of the fund is the average number of days to maturity calculated using the next coupon fixing date of floating rate notes, and the final legal maturity of all other instruments. The maximum WAM is 60 days.

The Weighted Average Life (WAL): of the fund is the average time to maturity calculated using the final legal maturity of all instruments, including floating rate notes. Thus, where the fund holds no floating rate instruments WAM and WAL will be the same.

Volatility: a measure of the size and frequency of changes in the value of an investment over a short space of time

Yield: the income from an investment, usually stated as a percentage of the value of the investment

Yield to Maturity: the total return anticipated on a bond if the bond is held until the end of its lifetime, excluding strategic currency hedges for Portfolio/Benchmark calculations. Number is shown in percentage

Yield to Worst: the lowest potential yield that can be received on a bond without the issuer actually defaulting, excluding strategic currency hedges for Portfolio/Benchmark calculations. Number is shown in percentage

Running yield: is the total return from current coupons of the portfolio and the yield impact from FX hedging of non-USD underlying to USD.

Portfolio distribution yield: is the total return from current coupons of the portfolio and the yield impact from FX hedging of non-USD underlying to USD, with the inclusion of the pull-to-par effect when bonds are repaid in the future.

The MSCI ESG Key Issue Score is the numerical, weighted average of MSCI's E, S, and G pillar scores. A higher number indicates a more favourable ESG profile in the view of MSCI.

The weighted averages of the Key Issue Scores are aggregated and companies' scores are normalized by their industries. After any overrides are factored in, each company's Final Industry-Adjusted Score corresponds to a rating. For more information, see MSCI ESG Ratings Methodology @ <https://www.msci.com/esg-and-climate-methodologies>.

Return of the Period:

The return is calculated using the following formula:

$$R = \frac{V_t \times C_t}{V_0 \times C_0} - 1$$

Where:

- R: return of the period
- V_t : value at end date converted into the target currency
- V_0 : value at begin date converted into the target currency
- C_0, C_t : Corporate action coefficient at begin and end date respectively

Carbon Intensity Figures: Company carbon data, can often be "partially disclosed", i.e. partial geographic coverage, or incomplete operational data. Trucost* undertakes analysis and research to assess company reported results. The proprietary Trucost model enables an estimate of total emissions which relies on more than just reported financial data. Where securities are not covered by Trucost, HSBC assigns a proxy value based on the average intensity score of comparable companies. *Trucost are a division of S&P Global; they assess risks relating to climate change, natural resource constraints, and broader environmental, social, and governance factors.

Weighted Average Carbon Intensity	Description	Carbon Intensity Description, Portfolio's exposure to carbon-intensive companies, expressed in tons CO ₂ e/USD million revenue.
	Formula	$\sum_n \left(\frac{\text{current value of investment}_i \times \text{issuer's Scope 1 and Scope 2 GHG emissions}_i}{\text{current portfolio value} \times \text{issuer's \$M revenue}_i} \right)$
	Methodology	Carbon Intensity Methodology: Scope 1 and Scope 2 GHG emissions are allocated based on portfolio weights (the current value of the investment relative to the current portfolio value), rather than the equity ownership approach. Gross values should be used.
	<p>The carbon intensity calculation for government bonds has been revised to be in line with the draft Regulatory Technical Standards for SFDR. The methodology is now as follows:</p> $\sum_n \left(\frac{\text{current value of investment}_i}{\text{current value of all investments (\$m)}} \times \frac{\text{The country's carbon emissions}_i}{\text{Gross Domestic Product}_i (\$m)} \right)$	