



## Website disclosure summary

### Global Equity Sustainable Healthcare

#### No significant harm to the environmental or social characteristics of the financial product

Do no significant harm (DNSH) analysis is an integral part of our investment process for sustainable assets. It covers ESG best in class, minimum governance score, normative and controversial activities monitoring, consideration of Principal Adverse Impacts (PAI) and Principal Adverse Impact integration.

All SFDR mandatory PAI are reviewed to assess the relevance to the sub-fund. Our Responsible Investment Policy sets out the approach we take to identify and respond to principal adverse sustainability impacts and how we consider ESG sustainability risks. This is available on our website at: [www.assetmanagement.hsbc.com/about-us/responsible-investing/policies](http://www.assetmanagement.hsbc.com/about-us/responsible-investing/policies).

The sub-fund is also aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

#### Environmental or social characteristics of the financial product

The sub-fund promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it invests a minimum proportion of 10% of sustainable investments.

The environmental and/or social characteristics promoted by this sub-fund are:

1. Investment into a concentrated portfolio of equities of companies that may benefit from increasingly constrained healthcare budgets world-wide.
2. Responsible business practices in accordance with UN Global Compact Principles for businesses.
3. Identification and analysis of a company's social characteristics, including but not limited to patient access to care.
4. Active consideration of social issues through engagement and proxy voting
5. Excluding activities covered by HSBC Asset Management's Responsible Investment Policies

#### Investment strategy

The sub-fund invests a minimum of 70% of its net assets in equities and equity equivalent securities of Healthcare Companies, which are domiciled in, based in, carry out business activities in, or are listed on a Regulated Market in, any country including both developed and Emerging Markets. Sustainable Healthcare Products may include, but are not limited to, drugs which help reduce the days a patient spends in an intensive care unit, diagnostic tests which enable early detection and treatment, disease prevention, operational improvements and deployment of technology. The sub-fund may be relatively concentrated in equities of companies domiciled in the USA.

Fundamental analysis of the healthcare sector and sub-sectors is undertaken to identify companies that present an investment opportunity. Investments in Healthcare Companies are not automatically qualified as sustainable investments and sustainable investments will be ascertained through the following process. For each identified company, proprietary analysis is undertaken on their products that are currently, or expected to become, their top revenue generating products, representing at least 10% of their net present revenue generating value in aggregate. This proprietary analysis is used to determine Sustainable Healthcare Scores for each product according to both improved clinical benefits and cost savings. Scores can range from -3 to +3 or a similar scoring scale for each product. Following this, the overall Sustainable Healthcare Scores for each identified company will be calculated as the average of their top revenue generating products' Sustainable Healthcare Scores, weighted by their net present revenue generating values.

#### Proportion of Investments

The sub-fund promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it aims to maintain a minimum proportion of 10% of sustainable investments. The sub-fund aims to maintain a minimum proportion of 70% of investments that are aligned with the environmental or social characteristics promoted by the financial product. Liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) and financial derivatives instruments may be used for efficient portfolio management.



### Monitoring of environmental or social characteristics

All our sub-funds aim to demonstrate strong and/or improving ESG characteristics at the issuer and overall portfolio level using quantitative or qualitative criteria which are monitored on an on-going basis. Companies with ESG risk scores that require a targeted review are assessed within an internal governance forum. Funds are monitored via an ESG dashboard to ensure portfolios align to the internally established thresholds.

We monitor companies to ensure they operate with good corporate governance. Please refer to the 'Engagement Policies' section below. For our full Stewardship Policy, please go to [www.assetmanagement.hsbc.com/about-us/responsible-investing/policies](http://www.assetmanagement.hsbc.com/about-us/responsible-investing/policies).

### Methodologies

HSBC uses its own proprietary systematic investment process to measure how the environmental characteristics promoted by the sub-fund are met. HSBC will use data provided by a number of third parties. All data used will be verified by HSBC Asset Management's extensive research department.

### Data Sources and Processing

HSBC Asset Management uses data from a number of external third parties such as Sustainalytics, ISS, MSCI and Trucost to ensure it attains the Environmental/Social (E/S) characteristics promoted. All data is verified by our extensive research department and processed using our proprietary research methodology.

### Limitations to Methodologies and Data

We use third party data from multiple sources however there is limited coverage of data available. We are not aware of any limitation in meeting the Environmental/Social (E/S) characteristics of the sub-fund.

### Due Diligence

We carry out quantitative and qualitative monitoring and analysis of all companies and other issuers held in active portfolios before and during the period of our investment. Using this monitoring and analysis the companies and other issuers are discussed regularly within our investment teams including their strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance. We may also assess their disclosures, consideration of research – including ESG & voting research and we may attend meetings with management and directors, visit production sites, talk to competitors, customers and other stakeholders, and carry out our own financial modelling. Our Stewardship & Engagement teams play a supporting role when it comes to assessing issuers against ESG considerations.

### Engagement Policies

We use a number of ESG rating agencies for norms-based screening against the UN Global Compact Principles. We incorporate good corporate governance in our proprietary fundamental company research and meet with investee companies (and potential investee companies) regularly as part of our active investment process. This helps ensure that companies are managed in line with the long-term interests of their investors and helps us to improve our understanding of their business and strategy, to signal support and/or to highlight concerns we have with management actions and promote best practice.

This engagement is a key element in our stewardship oversight of client assets. We challenge companies and issuers on their delivery of corporate strategy, financial and non-financial performance and risk, allocation of capital and management of environmental, social and governance issues. We engage to understand the approach management is taking and to test how far they are being good stewards. We also encourage investee companies and other issuers held in client portfolios to establish and maintain high levels of transparency, particularly in their management of ESG issues and risks. We raise ESG or other concerns with investee companies and other issuers where we believe that to be in the interest of investors, identifying company specific or systemic risks. We prioritise our engagement on the basis of scale of client holdings, salience of the issues concerned, and our overall exposure to these issues.

For our full Engagement Policy, please go to [www.assetmanagement.hsbc.com/about-us/responsible-investing/policies](http://www.assetmanagement.hsbc.com/about-us/responsible-investing/policies)

### Designated Reference Benchmark

The reference benchmark for sub-fund market comparison purposes is the MSCI World Health Care (the "Reference Benchmark"), but has not been designated for the purpose of attaining the social characteristics of the sub-fund.